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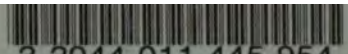
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JAY COOKE

Soon after his marriage

JAY COOKE

FINANCIER OF THE CIVIL WAR

by

ELLIS PAXSON OBERHOLTZER, Ph. D.,

AUTHOR OF "ROBERT MORRIS, PATRIOT AND FINANCIER," "ABRAHAM
LINCOLN," ETC.

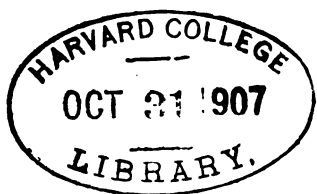
VOLUME ONE



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PREFACE

Few introductory explanations and no excuses are required for a biography of Jay Cooke. Soon after the death of the great financier in February, 1905, the letters and papers which he had so carefully and methodically preserved for some future compiler of the records of his life, were placed in my hands by his children,—Jay Cooke, Jr., Mrs. Charles D. Barney, Mrs. John M. Butler, and Rev. Henry E. Cooke. I have tried to be a reverent custodian of them. They filled several old wooden chests at "Eildon," the home of his daughter, Mrs. Barney, near Philadelphia, where he had so long resided in his last years, after the snōws had fallen upon his hair and beard and he was at leisure to ponder the world and its affairs, and to await the summons to another world into which he always looked so confidently. Indeed, much of my work was done in the large room which he occupied and in which he died. Still more chests were found in the basement of the Philadelphia banking house of Charles D. Barney and Company, where Mr. Cooke had had a desk for many years. These rich sources of material have been supplemented by the Records of the Treasury Department at Washington; the large and valuable collection of Chase letters, recently acquired by the Historical Society of Pennsylvania; many letters to his brother, Henry D. Cooke, kindly supplied by the latter's daughter, Mrs.

Kate Moorhead Cooke Magruder, of Washington, D. C.; and a number of letters of much earlier dates lent me by Pitt Cooke's daughter, Mrs. T. Morrison Sloane, of Sandusky, O. Besides this, it is a pleasure to make my acknowledgments to General A. B. Nettleton, of Chicago, who was so closely associated with Mr. Cooke's operations during the time he was constructing the Northern Pacific Railroad and who has most liberally aided and encouraged me; and to Stephen W. White of Philadelphia for a while the financier's private secretary.

But the greatest debt of gratitude I owe, of course, to Mr. Cooke's children and more particularly to Mr. and Mrs. Barney, whose devotion to the undertaking has known no alloy at any time. Their generosity and goodness on every occasion in putting material at my disposal, in advising and counselling me as to facts and judgments, and in pleasant words and kindly acts of many sorts as the work progressed can only be hinted at, not fully expressed, on a public page. I am also under obligations to J. Horace Harding, of New York, for assistance and advice.

It will be well to state in this place that I came to the subject with much less knowledge of Mr. Cooke than many others would have had. Nothing I have set down therefore can be ascribed to olden sympathies or predilections. Moreover, in the preparation of the work I have been under no restrictions of any kind except my own sense of what was right and true, and whether I have judged well or ill is a matter I must now leave to public determination. There was nothing to conceal in a life of this sort and there have been

PREFACE

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no concealments. It was lived without guile and this is the record of it, put down plainly after a study of the ample evidence.

Finally, I must testify to the pleasure it has given me personally to obtain a look into a career so open and good and honest, and hope that others may derive from the account of it a little more cheer, faith and philosophy. It was a life from beginning to end among difficulties that to most men would have seemed overwhelming; yet Jay Cooke's outlook was always clear and confident. He lighted his own way through mists and shadows and helped thousands of his fellows to find the sunshine. He was a marvelous financier, a firm patriot and a good man.

E. P. O.

Philadelphia, August, 1907.

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CHAPTER I

ANCESTRY AND EARLY LIFE

Jay Cooke came of English Puritan ancestors. He was descended from Henry Cook (the name later becoming Cooke), the first mention of whom is found in the town records of Salem, Mass., in 1638, he having been, manifestly, an English Puritan *émigré* of that or a somewhat earlier year. In 1639 he married Judith Burdsall and died in 1661, leaving nine children, the eldest, twenty-two and the youngest, four years of age.¹ The line is now straight through Henry's second son, Samuel, who went to New Haven, Conn., in 1663, two years after his father's death, there marrying Hope, the daughter of Edward Parker, and removing with the first planters about 1670 to Wallingford, Conn., where he was the only tanner and shoemaker in the settlement.² This old patriarch had fifteen children—he was twice married—and our line is continued through his eldest son, Samuel; the latter's fourteenth child, Asaph, (1720–1792), who removed to Granville, a town in

¹ Savage's *Dictionary of the First Settlers of New England*, Vol. 1, p. 446.

² C. H. S. Davis, *History of Wallingford*, p. 672.

southern Massachusetts; Asaph's third son, Asaph, (1748-1826), who with his brothers bore arms at the battle of Lexington in the Revolutionary War and later emigrated to Granville, Washington County, N. Y., in the Lake George region, just across the border from Vermont, where his son Eleutheros, the father of Jay Cooke, was born on Christmas Day, 1787, the year in which the Constitution of the United States was framed in Philadelphia.

From Henry Cook have come many brave soldiers in the Revolution and the War of 1812, several wealthy New England mariners, and other men and women who have gained distinction in the world. Among the prominent names in this line are those of Captain Samuel Cook of Cheshire, Conn., whose ships went out from New Haven in the eighteenth century, bringing him a fortune that was largely used in charity; Colonel Isaac Cook, who saw hard service in the Revolution, and his son, Captain Joel Cook, who also fought in that struggle, in several Indian wars and served under General Harrison in the War of 1812; Colonel Thaddeus Cook, a soldier under General Gates in the Revolution; and Mrs. Rutherford B. Hayes, the wife of the sixteenth President of the United States.

Jay Cooke's father, Eleutheros Cooke, was one of a large family of sons and daughters, and the life upon the frontier, which northern New York was at that day, afforded him few educational opportunities. He attended the schools of the neighborhood and read law, enjoying instruction for a time under the famous Chancellor Kent. His practice began at his home in and about Granville. During the War of 1812, his son Jay used

to relate, he was reported to have been killed. Having been drafted, he procured a substitute. As substitutes in those days usually fought in the names of those who sent them forth, and as Eleutheros Cooke's was killed in a battle near Niagara Falls, in 1813, he himself was numbered among the slain in the published accounts of the engagement, thereby greatly alarming many of his friends.

On December 12, 1812, Eleutheros Cooke had married Martha Carswell or Caswell, the daughter of David Carswell, of Fort Edward, in Washington County, a Revolutionary soldier who was taken prisoner and sent with a large party of Americans to Canada, where he was kept in close confinement for nearly two years, being for a part of the time loaded with irons at Montreal. Having contracted the scurvy through the exposure and inhumanities incident to his imprisonment, he was afterward pensioned by the government. Thus Eleutheros Cooke, the son of a patriot who had fought at Lexington, married a daughter of a Revolutionary soldier of New York, who had long languished in King George's Canadian dungeons, thereby establishing a loyal American ancestry for their descendants.

Their first child, Sarah E., afterward Mrs. William G. Moorhead, was born on January 15, 1816, and soon the young lawyer, his wife, and infant daughter emigrated into what was at that time considered the far West. Judge Samuel B. Caldwell and his family, the Porters, and several friends and neighbors whose names are not recorded, joined the party. The trip was attended with great difficulty, discomfort, and risk. "It took months to accomplish the journey through an al-

most unbroken wilderness," Jay Cooke writes in his manuscript *Memoirs*, and continues:

"Fortunately after reaching a point on the upper waters of the Allegheny River, now called Olean, they ascertained that by means of a small flat boat, manned by Indians, they could reach Fort Du Quesne (now Pittsburg). They therefore, with the help of the Indians, constructed the boat and getting aboard with their few household goods, aided by the Indians with poles and paddles, glided down the Allegheny, meeting and avoiding many dangers, until Fort Du Quesne was reached. They there proceeded to build a larger boat with which to descend the Ohio River and, embarking, floated down and finally came to the embryo town now called Madison, Ind. My father built the first brick house on that spot, which was long known as the 'York House,' where he and his little family remained until the summer of 1818."

Business soon called Eleutheros Cooke back to the old home in New York State. While it was not difficult to float down the Ohio, there was no way, before the day of the steamboat, to ascend the stream, so he, perforce, made his journey overland to Lake Erie, which he reached at Ogontz Place, the site of the present city of Sandusky. The beauties of the lake and its green shores strongly attracted him. By Mackinaw boat he was conveyed to Black Rock, a village about three miles below the spot upon which the city of Buffalo now stands, and proceeded through the wilderness, the entire length of New York State, to Washington County. His return to Indiana was effected by the Ohio River route and, telling his neighbors of the attractions of Sandusky

Bay, upon which his mind lingered fondly, they concluded, though it was winter, to go thither at once.

“This journey on sledges through a country entirely unsettled, except here and there, they accomplished on the snow,” Jay Cooke writes, “and in due time reached Bloomingville, a spot about eight miles south of the present Sandusky. Here houses were erected and my brother Pitt was born in 1819. To the south of this village was a vast prairie, covered with waving grass, with herds of deer and wolves and innumerable flocks of wild turkeys, prairie chickens, etc. I have often listened to my father’s stories of these things and particularly to the account of the journey in the winter from Madison and the many escapes from Indians, bears, and wolves. To the north of Bloomingville stretched an unbroken forest to Sandusky Bay and this was also the home of deer and other game. This whole region was the paradise of the Indians. Sandusky Bay was at certain periods in the spring and fall covered with wild fowl and its waters were full of every variety of lake and river fish.”

The Indians here were Ottawas and Wyandottes and it was a district known as the Firelands. By her early charters, Connecticut was granted territorial rights, extending westward indefinitely; but in 1786 she had been persuaded to surrender to Congress all her vague claims west of a line 120 miles beyond the western boundary of Pennsylvania. She withheld, therefore, a tract 120 miles long north of the forty-first parallel of latitude, bounded on the north by Lake Erie and on the east by Pennsylvania. This was called the Connecticut or Western Reserve, to-day including ten entire

JAY COOKE

counties and fractional parts of four others, an area larger than that of the mother state.¹

Connecticut now proceeded to create a reserve within her reserve,—a tract of a half-million acres in the western part of her Ohio strip, at present constituting Huron and Erie Counties and small projecting parts of Ottawa and Ashland Counties—some twenty-five miles of lake front with its appending islands, and the back country to a depth of about thirty miles. This area was set apart for the benefit of such citizens of Connecticut as had suffered from the devastations of the British during the Revolutionary War, for which reason it soon came to be known as Sufferers' Lands; and because the Connecticut people suffered principally by fire, it was also called the Fire Lands. The grandfather and father of Senator John Sherman and General William Tecumseh Sherman were for many years the agents for their sale.

The entire Western Reserve, at an early day, developed the social characteristics and political traits of New England. Connecticut names were reproduced; the town system with the town meeting was transported over the mountains to new soil; and the people partook of the traditions and sentiments of the Puritans,—a fact manifested in a marked way in the sympathy displayed for the Abolitionists in this part of Ohio during the three tumultuous decades preceding the Civil War. The Western Reserve, which produced Joshua R. Giddings, Ben Wade, John Brown, and many noted leaders in the contest, was not behind New England and the Quaker section of Pennsylvania as a centre for the propagation of the most radical anti-slavery sentiments.

¹ Alfred Mathews, *Ohio and Her Western Reserve*.

Thus Eleutheros Cooke, of an old Connecticut family, although his line had passed to Massachusetts and later to New York, returned to mingle with the Connecticut people in the "New Connecticut" in Ohio.

It was a matter of some time, involving a good deal of diplomacy, to extinguish the titles of the Indians in this region. The principal chief was Ogontz, a big swarthy Wyandotte, whose lodge stood on the lake front. For this reason the white settlers at first called this point Ogontz Place, the name a little later becoming Portland, still later Sandusky City, and finally Sandusky, a town to-day of good streets, fine business blocks, several thriving industries, and containing upwards of 20,000 people. To Ogontz Place, or Portland, to give it the name by which it was now known, Eleutheros Cooke's eyes were turned, since Bloomingville promised to grow slowly, if at all, while the steamboat would assure the fortunes of towns with harbors on the lake-side. Already a crude but seaworthy steamer, *Walk-in-the-Water*, was making regular trips from Buffalo to Detroit, calling at ports on the way. Ogontz and his Indians were removed to a reservation about forty miles southwest of their old village, and Eleutheros Cooke purchased the very spot upon which the chief's wigwam had stood. There Mr. Cooke began the construction of a stone house, the first to be planned and erected in the new town. Many laughed at the enterprise and declared that enough stone could not be found to complete the structure, despite the fact that the city is located upon ground underlaid with a blue grey rock, whose regular strata part to yield beautiful blocks, now freely used for building purposes, and become an item of

much importance in Sandusky's outward commerce. The edifice was finished and Jay Cooke once drew with his own hand from memory a picture of it, which is reproduced, as he desired that it should be, in this volume. There was a wing used as a bedroom to the south of the main house and another at the north end, which the owner occupied as his law office. It was for those days "a most imposing and pretentious mansion," and although the building was in large part demolished many years ago, only the central walls remaining to serve the uses of the Second National Bank, it is still, to those who know its history, one of the landmarks of the city.

Meantime the Cooke family, now increased to two children by the birth, in 1819, of a son who was christened Pitt, continued to live in Bloomingville until the summer of 1821. Then although the stone house was not yet ready for them, and could not be for about three months, they removed to Sandusky or Portland and took up their residence in a frame cottage about three hundred feet to the south, on the same street (Columbus Avenue) belonging to Dr. George Anderson. There the third child, Jay Cooke, the financier of the Civil War, was born on August 10, 1821, "probably the first or nearly the first boy baby born in Sandusky," as he himself used proudly to relate.

In the new stone house three more children were born; in 1825, Henry D., later to become the Governor of the District of Columbia; in 1828, Eleutheros, who died at the age of two, and in 1831, a daughter, Catherine E., who lived to be but three years old.

Of the naming of the children Jay Cooke often told an interesting story. At about the time the first son was

born, Eleutheros Cooke had been cheated out of an election to the Ohio legislature, through the voters misspelling on the ballots his rather formidable name, as we shall be told in another place. What ensued Jay Cooke relates in his Memoirs:

“My father determined to inflict upon his son no such impediment as a classic name would bring him. At that time the English statesman Pitt was in high favor with Americans, and so his name was given to my brother;



JAY COOKE'S DRAWING, FROM MEMORY, OF THE STONE HOUSE IN WHICH HE SPENT HIS BOYHOOD

and when I was born, my father being a great admirer of Chief-Justice Jay, I was given the name of Jay. Some five years afterward another son was born, whom my father proposed to call Fox for another much admired English statesman; but my mother rebelled and insisted that the newcomer should receive the name of Henry David, after an uncle and his grandfather both on the maternal side.”

Of his early life in Sandusky, Jay Cooke's memory was vivid and retentive. Many are the anecdotes and

reminiscences of those first years in the Firelands of Ohio. In his Memoirs he writes:

“At my birth in the town now called Sandusky, the place was frequently overrun with Indians. Old Ogontz did himself and us the honor of occasionally sojourning for a few days on the spot where he had once dwelt in his wigwam. On such occasions, he was allowed to camp in our barn and my mother fed him bountifully at the kitchen table. I was his favorite and occasionally was mounted on his shoulders for a ride.”

The Indians frequently returned to pluck the fruit from trees, which they said that they had planted, and once at least their friendliness was not so much appreciated. Mr. Cooke tells the story:

“At certain seasons when the tribes went up to Malden on the Detroit River, to attend the distribution of gifts, guaranteed them by treaty, they congregated at Sandusky; and I have seen six or eight hundred in the village at a time awaiting the arrival of the small steamer *Superior*, which was to convey them to Malden and back. On their return, we usually had a time with them. The squaws were decorated with high plug hats, gay ribbons and beads, and were loaded with blankets and other Indian riches; whilst the warriors were loaded with fire water, pipes, and tobacco, some of it in their stomachs and on their brains.

“On one of these occasions, some outrage occurred and I, a boy of about seven or eight, ran and hid myself under the hay in our barn and there offered up a fervent prayer for my protection. That same night, a warm night in summer, after all had retired to bed, Miss Stone, who taught us children, was in a room in

the second story of the main house and with her was Master Governor H. D. Cooke, then about ten months old. Something awoke Miss Stone and, opening her eyes, she saw standing over her a tall Indian gazing at her. Her presence of mind was remarkable, for instead of uttering shrieks, she gently pinched the sleeping baby lying on her arm. The little fellow began to cry and she pinched again, causing a renewal of the baby's distress. This led the Indian to withdraw under the bed. She now spoke to the baby in baby language: 'Want a drinky, darling?' Baby, under the influence of another pinch, played his part well; and then, coolly getting out of bed, she said: 'Don't cry, baby, I will go and get you some water.' Slipping without haste out of the room and down the front stairs, she entered the bedroom off the hall. Closing the door and locking it quietly, she awoke my father and mother and told them her story. My father climbed out of a window to arouse some of the neighbors, who all armed themselves and came with him to search the house. For a long time they could discover no Indian, and had about concluded that Miss Stone had been dreaming, when coming into a room in which my older brother and myself slept, they awoke us and asked us if we had heard or seen one. Of course we had not. There was a large store-closet in the room, which they had glanced into but had not thoroughly searched. They now searched further and, lying curled up behind some sugar barrels, they found a big six-and-a-half-foot Indian, who pretended to be drunk. He was dragged downstairs and the party, thoroughly sure he was in a state of intoxication, opened the front door, and with a parting kick, ordered him

away. He sprang up and was off like a deer in an instant. This Indian went to a neighboring barn and stole a fine white horse, fleeing then to the forest. The theft was discovered by five in the morning and a posse of young men, armed and on horseback, soon overhauled Mr. Indian in the woods back of the town, and brought him in. I remember seeing him chained to the wheel of a big wagon. He was speedily tried and convicted and sent down in this wagon to the Columbus jail, as we had no jail at that time in Sandusky.

“I remember a grandfather’s clock still in our family at Sandusky which was saved from a log house, partly burned by the Indians at Cold Creek, near Sandusky, a few years before, and at which time nearly all the family were massacred. These Indians were after a while placed on the Reserve up at the head of Lake Superior and one day, when I was on a trip to that part of the Lake region, I discovered and took to the hotel to show my wife, a boy and a girl, very bright Indian children. The boy was called Ogontz and was no doubt a great-grandchild of old Ogontz of Sandusky.”

In a letter to a niece, Mr. Cooke wrote in 1896, recalling other incidents of the early times at Sandusky. “I have frequently seen my mother at the flax spinning-wheel and the larger wool spinning-wheel,” said he, “and spent many a half-hour watching her graceful and vigorous movements, while thus preparing the material for our stockings and clothing. I have remembrances of her beautiful song singing. She was very hospitable and the gatherings of the neighbors at our house were very frequent, particularly when father would bring back from Columbus some cans of fresh oysters. My

mother was a good cook and a vast dish of toast and oysters was only one of many good things she provided for her guests on such occasions. I have seen her busy with her girls, dipping candles in the old-fashioned way, as well as at her work making preserves and preparing other necessary supplies for a bountiful table."

"As I grew older," writes Mr. Cooke in his Memoirs, "my education was carefully attended to and until the age of fourteen, I was drilled, not only in the village school, but occasionally for a couple of years in a private school taught by Lydia Stone, a cousin of much talent and many accomplishments; and also for two periods in a private academy, taught by Mr. Adams in the basement of Grace Episcopal Church; but the best aid I received came from my grandfather Caswell, who every evening for an hour or two drilled us boys in all our studies."

Grandfather Caswell, the old Revolutionary soldier who had so long suffered in the Canadian prisons, had now removed to Sandusky with Grandmother Caswell, securing a home in Wayne Street between Water and Market Streets, not far from the famous stone house. Some of the Cookes had also followed Eleutheros to Ohio, including his father, mother, and brothers, Grandfather Asaph Cooke, who had taken part in the battle of Lexington, having died at his home on the "Ridge" near Sandusky, when Jay was only five years old. However studious Jay and his brothers may have been, he wished none to think that they were "book worms and not true boys."

"We had a happy faculty," said he, in his old age, recalling those pleasant days, "of properly mixing work

and play, study and reading, in due proportions. Early in the morning we must assist in feeding the horses and cattle. Then we must cut, split, and carry in the needed amount of hickory and oak wood, when we had an hour or so at ball, tag, or other grand sport. I was always a hunter and fisherman, and went many a time into the woods and prairies at 4 a. m. and brought home plenty of game, or in a canoe to the Cove and returned with a good supply of fresh fish; but always, ere leaving, slipped into mother's well-supplied buttery and devoured a pumpkin pie and a glass of milk, and filled my pockets with doughnuts. What happy days those were! We had our winter sports on the bay, our sleigh rides with our favorite girls, our dancing school, our spelling school, and each boy had his own particular sweetheart. I had nearly half a dozen. I did not finally marry them all, or even one of them. The dear girls, Pallas, Kate, Susan, Mary, Maria, and Julia, were all good and pretty, but as I left Sandusky in my sixteenth year and never returned there except for brief visits, they all deserted me and became happy and buxom wives of good husbands."

Jay Cooke's father prospered in his law business in Sandusky. He attained a leading position at the bar in his neighborhood and mingled his practice, "which reached south and west and east and even to Canada," with a love for politics, like the true Ohioan that he soon came to be. The law in the Ohio of that day was as rude and picturesque a profession as in Illinois when Lincoln travelled the "circuit" in his buggy, pulling up at night with his fellow lawyers, the judge, jury, clients, and witnesses, at a country tavern, where some ex-



E. Cook

changed amusing anecdotes while others played cards, drank corn whiskey, and caroused the night away. Eleutheros Cooke always lived apart from all this revelry. He was identified with various temperance societies and so strictly did he adhere to the standards of his Puritan forebears, that he was never known to smoke a cigar until he was fifty years of age. Earl Bill,¹ a friend and business associate of the Cooke boys in Sandusky has recorded several interesting reminiscences of their father.² He had notable oratorical talents, being very ready of speech, and having a large command of language and a highly fervid imagination. He also had shrewdness and tact, as is illustrated by an account of his management of a certain collection suit, placed in his hands. Mr. Bill says:

It was before Huron County was divided and while Sandusky was within its jurisdiction. The defendant in the case was an officer of one of the steamboats which in those days made trips between Buffalo and Detroit, touching at all the "way ports," sometimes spending several hours in receiving and discharging freight; but this boat seldom stopped at Sandusky. The debtor's vessel, having on this occasion landed at Sandusky, his creditor sued out a *capias* on which the debtor was arrested and taken before the magistrate. The debt claimed being beyond the jurisdiction of that court, defendant moved to quash the writ. Mr. Cooke, being well aware of this defect, had posted a messenger, duly armed with the necessary legal documents, to the county seat at Norwalk, there to obtain from the clerk's office of the Common Pleas Court a writ of arrest that would enable him to bring the defendant to time, and informed the justice that he desired to argue the question of his jurisdiction. After glancing

¹ In 1855 he was associated with Henry D. Cooke in the publication of the *Sandusky Register*, the firm being Bill, Cooke & Co.

² *Magazine of Western History* for May, 1885.

at the question at issue, he branched off into a minute and comprehensive history of law in general from the earliest times to the present, only pausing to inquire of his client, if the messenger had returned. It being in the spring season, the roads were deep with mud and the sixteen miles of travel was not to be performed very speedily. On being informed in the negative, Mr. Cooke resumed, speaking upon a great number of topics, and having exhausted them all, he announced his purpose to illustrate the legal question before the court by a review of the history of the human race. He had not yet come to the Christian era when the messenger arrived, duly armed with the needed papers, Mr. Cooke announcing to the court that, as the question of his jurisdiction was contested, the motion to quash might as well be allowed. The arrest upon the new writ being made, defendant paid the debt and he and his steamboat went on their way. Thus Mr. Cooke accomplished his purpose by speaking about sixteen hours against time.

But he was not always so successful in securing a patient hearing. Mr. Bill continues his reminiscences of Eleutheros Cooke: "While speaking against time in the Court of Common Pleas of Huron County on one occasion, he was giving full sway to his vivid imagination by heavenward flights, when Judge Higgins, who was presiding, checked him: 'Stop! stop! Mr. Cooke,' said the judge, 'you have already gone so high as to be out of the jurisdiction of this court.'"

Mr. Cooke's oratorical powers, so well developed at the bar, served him long and well on the stump. He was a favorite speaker at political meetings and was elected and several times re-elected to the legislature of Ohio. It was in one of these contests that he was brought to understand the disadvantages of bearing a cumbersome and unspellable name. His rival for the office was a shrewd young eastern lawyer, lately become

a citizen of Ohio. Upon many of the ballots cast for Mr. Cooke, Eleutheros was misspelled, becoming "Lutherus" and "Eletherus," instead of *os*. This fact did not escape the observation of his cunning competitor for office, who found whole townships in error, and when the defective tickets were thrown out, Mr. Cooke was beaten, although having a majority of six hundred votes on the face of the returns.

In 1830 he was selected by the Whigs of the Firelands and the surrounding counties to represent them in Congress which he did with marked ability. His district was the one for which John Sherman sat for several terms in the national House of Representatives, although it was later shorn of much of the territory it had included in Mr. Cooke's time.

In the Ohio delegation, composed of fourteen men, was Tom Corwin; and in the House, when Mr. Cooke reached Washington, he found John Quincy Adams, eloquent in his denunciations of slavery, and his colleagues from Massachusetts, Edward Everett and Rufus Choate; James K. Polk and John Bell of Tennessee; Gulian C. Verplanck of New York; William Drayton, George McDuffie, Clement C. Clay, and many other men of note in the past and to gain distinction in the future in various public fields. It was an exciting period in legislative halls in Washington and in Mr. Cooke's single term in Congress, as fortune decreed, was to occur much of vital importance in American history. His first session began in December, 1831, and continued until the following July. The principal achievement was the adoption of Clay's protective tariff bill of 1832 by the Whig majority. The echoes of the great Webster-Hayne de-

bates in the last Congress had not yet died away, and South Carolina now attempted to put into force her famous doctrine of nullification, those who had passed the tariff bill hurriedly and in fear gathering to modify it and make it acceptable to the rebellious state. Mr. Cooke was tested in the fire and the principles of his Puritan sires suffered no damage. He had voted for the measure in 1832 and he saw no reason for so soon changing his opinions, because of the protests and threats of any state. In February, 1833, the new bill was passed in the House by a vote of 119 to 85, but he was in the minority with John Quincy Adams, Rufus Choate, Edward Everett, and the New Englanders. He was silent in this contest, but that he was a disciple of Hamilton, Webster, and the loose constructionists, is made clear by his speeches on the bill appropriating money to relieve the wants of the widow of Commodore Decatur. "I am not one of those," said he, "who, in the exercise of the monopoly of mental power, delegated to me as a member of this House, upon the great subject of national policy and legislation, feel willing to be bound up in the tight waistcoat of strictly literal construction. I believe in the existence of an implied, as well as an expressed power in the Constitution. It would not be worth the paper on which it is written if it did not possess that power. Without the existence of that power, it must have remained forever a motionless machine and could never have been, constitutionally, put in operation."

Aside from this speech, in which he argued in favor of a larger appropriation,—so that the Commodore's nieces, the Misses McKnight, should be benefited as well

as Mrs. Decatur—and an effort to have a road built from Sandusky southwardly to the Indian lands, his sole participation in the debates while in Congress was in connection with the famous case of Sam Houston. Cooke's colleague, William Stanberry, in a speech in the House had charged Houston with corruption in connection with an Indian contract. Houston was not then a member of Congress, but he was in Washington, and meeting Stanberry on Pennsylvania Avenue one evening, he belabored the Ohio Representative with a heavy cane until he lay insensible on the sidewalk, breaking some bones and inflicting injuries that kept him in his bed for several weeks. The brutal act aroused the ire of the Whigs and particularly of the Ohio members. Houston was brought before the bar of the House, the question of jurisdiction was lengthily argued and the culprit was tried, found guilty, and reprimanded. Mr. Cooke was unsparing in his denunciation of the outrage. Repeating Stanberry's allegations, he said: "Now, can any human being longer doubt the intention on the part of Houston to defraud the government? If such a man could be found, I should scarcely know which most to pity and despise—the obtuseness of his intellect or the obstinacy of his credulity." Such an attitude was by no means free of danger in the state of political feeling at that particular time. Eleutheros Cooke was soon taken to task and practically challenged to a duel by Dr. E. S. Davis, of South Carolina, acting through General Demitry of Louisiana. Davis had been a witness for Houston during the trial. Mr. Cooke had addressed a question to him in the cross-examination, which was held to be impertinent, and he demanded an explanation in a

note that was promptly laid before the House by its recipient. Congressional dignity having again been attacked, there was prospect of another arrest and reprimand. By a majority of only two votes the members decided to take no note of the incident, although Mr. Cooke made an eloquent speech, concluding that "if the House should determine to truckle to arbitrary power and disregard its own safety, dignity, and honor, it would be no longer a desirable place for him, and he for one should be disposed to resign a seat upon that floor and go to a place where he would find both honor and protection in the bosom of his constituents."¹ His political opponents professed a willingness to have him return to "the bosom of his constituents," if that were his choice, and the words were associated with Mr. Cooke's name in the newspapers for many years.

His fluency at the bar and in the Ohio legislature was noted also at Washington, and his style of oratory was slightly too colorful for some of the older members. In his speech in behalf of Commodore Decatur's nieces, he said:

"These young ladies were his once dependent cherished kindred. His pulse, which never beat so nobly as when rushing to the high places of peril for his country's glory, still survives and throbs in their kindred bosoms. The same blood which rushed to his heart, braced his mighty soul to the execution of this glorious deed beneath the frowning battlements of Tripoli, blackened by cannon and bristling with death, still mantles in the cheek and flows in the veins of those from whom, in behalf of the illustrious dead, we plead."

¹ *Register of Congress for 1833.*

Again Mr. Cooke said: "We have still lingering on the earth here and there, thinly scattered up and down the land, a venerable actor in that great drama—the bloody yet triumphant tragedy of the Revolution—which stands without parallel in the long tracts of time, looks down from its cloudless summit upon all other events and mocks the loftiest flights of human eulogy."

Mr. Cooke's family remained at Sandusky while he was in Washington and they were days to be remembered by his young sons. Jay Cooke says of this period:

"When my father was in Congress, we boys were his constant correspondents and scarcely a day passed that we did not write to and receive letters from him. My uncle Erastus Cooke was postmaster and we boys were up many a night (the mails arrived only three times in a week) until midnight and at the post office, listening for the sound of the postman's horn, bad roads and deep snows frequently delaying his arrival until a late hour. But when the mail did come and we had assisted our uncle in opening and distributing it, what treasures we had to take home to mother! There were many letters for all of us and packages of books—all tied up with red tape and sealed with red wax and franked by our father as a member of Congress. Late as it was, my mother proceeded to open everything. We were all impatient to see the contents and stood around her, a happy expectant group. But in those days the supply of red tape was not so abundant; it was therefore worthy of preservation and the removal of the great seals was a task of no slight character, for on no account must any of the tape be cut or damaged. The best books were al-

ways chosen by father for his children. In the course of two years our library was full, and in the evenings and at leisure times we literally devoured them as common property, although we divided fairly all that came to us. I had thus the advantage of reading and studying hundreds of volumes on a great variety of historical and scientific topics, interspersed by good romances, poetry, and moral volumes on all subjects."

Several of Eleutheros Cooke's letters to his sons, while he was in Washington, testify to his affectionate care of them, and his desire that they should be instructed regarding political affairs so as to be able to follow him in public walks of life.¹

On December 16, 1831, he wrote from Washington to his eldest son, Pitt Cooke, then twelve years old:

Your very excellent and welcome letter of the 4th instant has this moment come to hand. It was handed me by the post boy as I was passing into the dining-room for dinner. I shall soon expect a letter from Jay and frequently from Sarah. Will you be so kind as to aid me by urging them to write often. In the meantime you must write again yourself. Tell me everything,—the sleigh rides, the deaths, the accidents, the fights, the weddings, the railroad news, the Ridge news, the price of flour, pork, beef, etc., the kind and quantity of wood on hand, and everything else you can think of. Write me a long letter and tell Jay to write long also. If you learn well this winter, I will send you to Mt. Vernon next or bring you on with me to Washington, where you will see General Jackson, Mr. Clay, Mr. Adams, and all the other great and splendid men in the nation. Let me conjure you to be a good boy in all things, and above all to waste no time, but devote all your leisure hours to study. The weather this day is colder here than it has been ever known before in

¹ These letters are in the possession of Jay Cooke's niece, Pitt Cooke's daughter, Mrs. T. Morrison Sloane, of Sandusky, O.

Washington. The poor are suffering and almost perishing for wood, and the little shivering inmates of their wretched abodes beset our walks and beg with tears for charity. What think you of this, my dear fellow? How fortunate is your situation compared with theirs. Tell Henry D. I love him and wish he could also write to me. Take good care of him and be kind to your mother. Many cold and some warm months must pass before I can see you and my old dear home again, but they will soon roll away, and my heart will again be gladdened by the society of my children and my friends. I would write more but have other letters to answer and must bid you, my dear son, adieu. Very affectionately I am your anxious father,

E. COOKE.

On February 16, 1832, Eleutheros Cooke wrote from the House of Representatives:

Dear Pitt:

We are now engaged in determining upon the most suitable manner of paying honors to the memory of George Washington. One hundred years ago on the 22d day of this month this great man was born. You have read of him as the father of our country and the founder of our liberties. Hereafter you will learn more of his glorious career. His name is associated with everything dear to mankind and his fame will only perish with the universe. When I was a boy about your age, in December, 1799, while skating upon the ice of my native river, I received the notice of Washington's death. It struck upon my heart with a weight which can never be forgotten. I dashed off my skates in great haste and with tears in my eyes, repaired, agitated and overwhelmed, to my home. I had heard the gray-haired warriors of the land pour forth their broken eulogies upon Washington, and I trembled at his fall with a sort of cold and shuddering fear that my country must fall with him. Never was there a sincerer mourner. For months the deep impression of his loss hung upon me and I was sad.

Be a good boy, kind to your mother, and know that while I live you will have a friend.

E. COOKE.

And again the father wrote to his son in Sandusky:

WASHINGTON CITY, March 27, 1832.
HOUSE OF REPRESENTATIVES.

Dear Pitt:

Your letter of the 18th inst., beating its way through mud and storms and over mighty rivers and lofty mountains, has this moment been received. The postmark says that it was mailed and started on the 19th. Of course having reached the post office here last night it was only eight stormy days on its journey of 500 miles. This shows you, my dear boy, how easily you can hold conversation with me, if you will, even at this great distance, and how readily and instantly I transmit to you my reply. You say you "have received no letters from me lately." True, and what do you think is the reason? Because I have had nothing from you to answer. Understand this and if you are pleased to receive a letter from me, you have only to write often and you will secure the object. . . . I am much pleased with your improvement in writing. Some of your words are nearly equal to copperplate engraving. I hope you have received your last books and that you and Jay will profit by them. I have been delighted to hear that you have been, both of you, good boys, very good, and I assure you you shall be rewarded for it. May Heaven bless you, my dear child, and prosper and guide your tender years.

E. COOKE.

Both in and out of the legislature, Jay Cooke's father was always foremost in movements tending to the advancement of the material interests of Sandusky. He foresaw its future growth which, however, was not so rapid as the people desired, the energies of the Reserve finding an outlet in the upbuilding of the city of Cleveland. Living until 1864, he was enabled to see many of his investments in real estate yield him a comfortable increase. He early had a part in the development of the canal and railway systems in Ohio. In his Memoirs

Jay Cooke writes of his father's interest in internal improvements:

"After Dewitt Clinton had succeeded so grandly in opening the New York canals, Pennsylvania and Ohio determined to enter upon a like development. In Ohio the contest as to routes was most vigorous and exciting. My father, then a member of the legislature, proposed and defended the central route from Sandusky to Cincinnati, the shortest and by far the best; but after a long struggle he was defeated and the state was plunged into a heavy debt, by the determination to build an impracticable canal from the mouth of the Cuyahoga at Cleveland to Portsmouth on the Ohio River and from Maumee to a junction with the Miami River. The eastern and western portions of the state did some 'log rolling,' and defeated the central route. My father was greatly disappointed, but in the meantime he had been examining the newly devised plans for railroads. He drew up a charter and there being no opposition, it was granted to the first railroad, [west of the Alleghany Mountains] viz., the Lake Erie and Mad River Railroad.¹

"It is said that this charter is a model one. Railroad-ing was a subject then little understood and some backwoods legislators supposed the charter was for a Rail Road, i. e., for an improved kind of 'Corduoy road'; such as the people laid down to enable them to cross marshes and swampy places. The incorporators did not avail themselves of their privileges until 1831 or

¹ A railway charter was granted in New Jersey in 1815 while the Philadelphia and Columbia Railroad was chartered in Pennsylvania in 1823.—J. L. Ringwalt, *Development of the Transportation System in the United States*, p. 66.

1832, when ground was broken at Sandusky and my father was the orator of the day. General William Henry Harrison and many other notables were present and the guests all dined at our house. There was a procession, a band and a cannon, and I remember that we boys all walked in the parade and had a big time generally. Soon, by the aid of an English strap rail, the Mad River road was opened to Bellevue, a distance of about twelve miles. The cars were at first hauled by horses, although one of the first locomotives built in this country was brought on from the works at Paterson, N. J. [This machine was called "The Sandusky."] At one time my father was president of the corporation. Under the impetus of this road, which was rapidly extended to Springfield, Sandusky grew from a village to a thriving city of fifteen thousand inhabitants, the usual result of railroad building."

The canal scheme failed; the people selected the lumber industries instead of the iron trade, which swiftly contributed to the growth of a great city at Cleveland, sixty miles farther east on the lake front, where there was a harbor of much less natural worth; the cholera in 1849 and 1852, brought into the town by emigrants, was wrongly and with damage attributed to unwholesome local conditions; and altogether Sandusky defeated the expectations of the more ambitious of its first inhabitants. Moreover, its people lacked the helpful, cooperative, metropolitan spirit of the men who made Cleveland what that place is to-day, and have many times stood in the way of their own advancement.

As a boy not yet sixteen years old, on January 5, 1837, Jay Cooke, then in St. Louis, wrote to his brother Pitt

of his father's sanguine expectations of Sandusky's prosperity: "I fear the Delphic oracle will prove false from some mismanagement of the ingredients used to effect that object. Poor Sandusky! You have indeed been like the outlaw, shunned and persecuted by men. Arise, ye men of Sandusky! Shake off your apathy! Risk all for her and I trust she will yet reward you for your care."

Considering that his father was a professional man who well knew the value of schools, Jay Cooke was inducted into business life at a remarkably early age. The lad had an unusually self-reliant spirit and his ambition to be off in his race with the world, is exhibited in this boyish letter, written on November 23, 1833, when he was but little past twelve years of age, to his brother Pitt, at that time attending the college at Gambier, O.:

Having a few leisure moments I shall devote it to the purpose of writing to you which I hope you will receive with satisfaction. In comparing your present state with that of mine, I should draw it in this way. While you are under the discipline or instruction of your teachers toiling up the hill of science struggling to snatch the deathless laurels from the mountain's brow I am at home running tip top at my father's call and doing errands at my mother's command, feeding the hog, currying the horse and doing all manner of things too numerous to mention. But never mind that; my turn comes next, mind ye; you will see me digging up Kenyon hill of science next spring if god be willing. The weather is very cold and the frequent changes of the weather make it still more loathsome scarcely does one storm blow over than another still more horrible appears in sight, when all at once old boreas sets up a tremendous howl (the wind) and makes the earth under our feet tremble at his approach. It is growing dark and the sun is setting

in the west with all its meridian splendour, shining as it does upon our glassy bay like polished steel but I must quit.

It is saturday night and another week has rolled over our heads and yet that god that rules above has preserved us write as often as I do.

JAY COOKE.

Pitt Cooke bachelor of arts.

In 1893 in his seventy-third year, looking back upon these early days, Mr. Cooke wrote in his Memoirs, describing his introduction to the business world:

“My father, in addition to his law business, was a partner with an uncle in a store in Sandusky and on Saturdays, when there was no school, and frequently at the noon hour, I would assist my uncle or relieve him when he was at his meals,—this when I was not over nine or ten years old. I kept a supply of tin toys, picture books, etc., in one end of the front window and earned all my spending money through their sale. In fact I was quite a capitalist. I once enclosed a two dollar bill to my brother who was in school at Gambier-Kenyon College, but he promptly returned it, saying that he would not be so selfish as to take any of my hard-earned money. These store journals are still at Sandusky and show my handwriting as I gravely entered in them such charges as this:

“Lucas S. Beecher, Dr.

To half pound Young Hyson Tea .50

“Thus when I was about fourteen, I considered myself a full-fledged merchant and did not hesitate when one day my father came in and flourished before my eyes a huge roll of five dollar bills, fresh and crisp and issued by the new bank at Sandusky, a part of the pay-

ment for our old home, which he had just sold to Squire Beatty, and jokingly, but with apparent seriousness said: 'Now, boys, you will have to go to work, for we have no home now.' I took the matter seriously and hearing that Messrs. Hubbard and Lester, a firm of young New Yorkers just established in Sandusky with a large stock of dry goods, groceries, hardware, etc., required a clerk, I applied for a position and got it. I was out of school and a big merchant nearly ten days before it was known that I had a new occupation. I soon became head clerk and the first winter Mr. Hubbard, who was now the only member of the firm (Mr. Lester having opened another store), taught me double-entry bookkeeping and many other things during that long dull season when no country merchants came to town. He also taught me the game of chess."

Young Jay's education, so early interrupted in school, was also going on in another direction—in a debating society, where he seems to have had his first introduction to the slavery question, in the settlement of which he was later to perform such signal services as his country's financier. His own account of this little Sandusky literary club is as follows:

"When a boy in Mr. Hubbard's store, some of the youth of about my own age decided to join together in a debating society. I was asked to draw up a plan and by-laws. My father did this for me and fixed the title as the Philo Literati Debating Society. Our membership was about fifteen, comprising several young clerks like myself and George and Frank Campbell, the sons of David Campbell, the editor of the Sandusky *Clarion*, now the Sandusky *Register*. Our meetings were held

in the second story of the old 'White Store,' then vacant, the only access being up a ladder and through a trap door. This room we fitted up rudely and for a few weeks all went on satisfactorily, and many great questions were debated. We imagined ourselves far superior to the legislature or even to Congress. At this time the negro question was coming to the front and we had a debate on slavery. Opposite our room was the only barber shop in town, kept by old Bob Holmes. Here most of us were accustomed occasionally to rendezvous, especially when the advent of a circus or menagerie was proclaimed, for old Bob was always favored with a full set of pictures, which he hung on his walls and which were greedily stared at by us boys. Bob had a nephew from Virginia, a mulatto, assisting him, a boy of about our age named John Honeycut. Bob knew of our debating society and, although our rules prohibited visitors, asked some of us to let John sit in the corner and listen, so that he could get some benefit from the young gentlemen's speeches. Those of us who were asked at once gave our permission, not dreaming that the rest would make any objection. I was particularly interested in John, since from him I had frequently derived a revenue before I became a clerk. John was a capitalist and had unlimited numbers of pennies and six-penny bits, derived from blacking the gentlemen's boots. I was skilful in fashioning little boats and rigging them—boats of all sizes from four to twenty inches in length—and I even went so far as to manufacture a steamboat that was sixteen inches long and had paddle wheels, etc., the motive power being derived from an old clock spring. The contrivance, when set in mo-

tion with some burning gum placed in the smokestack, was a fair illustration of the rude steamers of those days. It brought me one dollar, which nearly depleted John's purse, but filled mine to overflowing.

"John was a great favorite with the boys, and with me especially; so I personally called for him at an early hour and had him snugly placed in a corner of our debating room. About half the boys knew of this and acquiesced in it, but the others had not been consulted. Moreover, it was against the rules and a big row began at once. George and Frank Campbell, Bob Belden, and others declared that they would not have a nigger in the room. We insisted on John's remaining and then followed efforts on their part to put him out. We were successful in resisting the enemies of the negro race and forced these pro-slavery members into the street, barring the door. They immediately commenced an assault, aided by a number of the bad boys of the town, but did nothing more than break some of the windows and cast a covering of mud all over the door. We held the fort and thenceforth, until the breach was healed, conducted the war against slavery on paper, in which mode of warfare the boys of the *Clarion* office had the advantage. Each morning for over a fortnight the gates and fences in the village were covered more or less with very outrageous attacks from them, all printed, while our replies had to be written out with the pen. Such indecent words were thus exposed to the eyes of the citizens that we received a warning from the authorities to desist, or take the lawful consequences. After this, as when an outsider interferes between man and wife, we concluded to join our forces. Thus we

were reconciled and it all ended with a candy pull and a rat hunt at John Weeden's store, the rats, dozens of them, later being found tied to the doors of the justice's office and those of some others who had taken active measures against us. Lucretia Mott, who lived in the Cheltenham Hills as our neighbor and who prided herself doubtless upon being an original Abolitionist, was greatly amused when I claimed precedence and told her the story of our negro war away back in 1834.

"In these days and for many years thereafter, Sandusky was on one of the principal routes of the Underground Railroad and my mother and most of the matrons of the city, when applied to, furnished the black fugitives with meals and other needed things, wishing them God speed to a land of freedom."

It was while Jay was in the Sandusky store that he wrote to Pitt, who was now, on January 10, 1836, at Norwalk Seminary in Norwalk in the Firelands:

Dear Brother Pitt, Esqr.:

Take good care of my comforters and, if you please, do not send them By any Body for fear of their falling into Bad hands I shall Be out to see you in a few Days if you will allow me on Sunday if not I shall come some weekday. If you dont send us better letters (I mean larger ones) for it costs as much for small ones as large, we shall make you pay Postage yourself (if you have money) if not I hope you won't sell my comforters to obtain it. . . . I have nothing more to write at present. But that all our folks are well. Direct an answer to this scrawl to me Jay Cooke Esqr. of Sandusky City if you please, write all the news you can and never mind postage.

JAY COOKE.

P. S. if you get in want of anny money, just let me know of it. Jay Cooke.

On June 7, 1836, Jay writes to Pitt, who was still at school in Norwalk:

We miss you very much on our rambles. Last Sunday we all went up to the creek or rather that second Susquehanah, to catch some of the inhabitants of that element and we were caught ourselves by a fine shower of rain which made us scamper for dry places like chickens at their mother's call. But we were finely paid for such a truant ramble on Sunday by getting dripping wet which saved us the trouble of going in swimming which we intended to have done, had we not met with such an accident.

Jay remained with Mr. Hubbard until the summer of 1836. His salary had been increased to \$250 a year, but an opportunity now came to him to advance his fortunes in St. Louis. He was offered \$600 if he would change his employers and, attracted by the prospect of earning so much money and through love of travel and adventure, he accepted a position with the firm of Seymour and Bool, young New Yorkers who had opened a large establishment at that far western post. "Mr. Seymour had returned to Sandusky en route to the West," Mr. Cooke observes in his Memoirs, "and I think he was in love with a cousin of mine there and wanted me, not only on account of my own merits but as a link between himself and Miss Hurd." The financier tells of this trip and his experiences in his new home as follows:

"We were over two weeks in reaching St. Louis, having to go by stage to Cincinnati, wait there for two or three days for a small steamer, and then as long for a larger boat at Louisville below the falls. At the last named city, I went to a theatre for the first time in my

life, seeing a performance of *Pizarro*. In this way we reached St. Louis and found it a town of 7,500 people, mostly French and Indians. We had to wait six weeks for our store to be completed and, during this interval, I did much hunting and killed game of many kinds where the largest portion of the great city of 500,000 or 600,000 people now stands. At this time Chicago was not known except as Fort Dearborn, with only a few rude settlers' shanties on the wet prairies surrounding it. While in St. Louis I attended a writing school twice a week in the evenings and became a really good penman. I also attended on other winter evenings a French dancing school where I learned to waltz and took lessons in the French language so that I could converse quite freely with the ladies who came to our store."

But these interesting and important years in the development of Jay Cooke's character must not be passed over so lightly. Only four months past fifteen years of age, on December 20, 1836, he wrote his brother Pitt from St. Louis:

Pitt, I have fine times. I go to the dancing school twice a week. But I suppose you, though, don't care much about that accomplishment. Picture to yourself your brother Jay in a spacious ball-room with a beautiful French brunette by his side, skipping along and having fine times, and dressed in a fine brown coat (four inches shorter than usual), with white silk vest, black cassimere pants, white silk stockings, fine pumps, white handkerchief and gloves, hair dressed and all erect, talking Parley Voo with the beautiful creatures. Oh, don't mention it! Fine oysters here, Pitt, and I have my full share and fine hunting too. There are lots of Indians in the city today. Look like devils.

On January 17, 1837, the boy again wrote:

You mention [in a letter he had just received from Sandusky] the irregularity of the mails; it is provoking that the mails are not more regular and speedy. I wish Amos Kendall¹ and his distress (express) mails were in the bottom of the Atlantic Ocean. We cannot depend upon our mails and it frequently happens that three weeks expire without one mail from the East; at least it has this fall. I am glad to hear that my views of our country's affairs correspond with yours. My thoughts are or ought to be those of my father, for have I not been directed by him to the paths of integrity and honor and have not his opinions and views been instilled into my youthful heart? Has he not in his counsels pointed out the vices and snares which you know youth otherwise seldom escapes from and has he not implanted in my heart a love and veneration for my country which can never be effaced? Yes, he may rest easy, for though I do not honor to his name I will *not* disgrace it.

You wish to know how our business prospers. At present there is little doing and expenses large. Our spring business will commence in about four weeks; then business will be abundant. The merchants from the country and the caravans will purchase their goods about that time. We do not intend doing retail business after this winter. The ladies are hard to deal with; more so here than at Sandusky. The population of the city consists of part French (almost savages) Spaniards, Italians, Mexicans, Polish (all noblemen!!!) Indians, a set of gambling Southerners, and a few skinflint Yankees. There is but few respectable persons in St. Louis. It is dangerous for a person to go out after dark, for persons are often knocked down at the corners of the streets and robbed and frequently killed. The old French people and the Spaniards look more like cut-throats than men. The Mexicans look as if they had just emigrated from his Satanic majesty's dominions and by far the most unoffending are the poor, the injured, Indians.

You say that mother does not wish me to hunt on the prairies on account of the putrid air and stagnant pools. Oh, she does not know the western prairies. They are like the wide and

¹ Andrew Jackson's Postmaster-General.

balmy sea. They are covered with long grass which undulates with the breeze as the waves of the Atlantic, and where there is a pool, it is as glassy smooth as Sandusky Bay of a summer's eve, which is only broken by the ripples of the swan or water fowl which glide over its surface, or by the gentle deer who wishes to bathe his heated temples in its pure cool waters until startled by the cry of some hunter's hound, he darts tremblingly to his lair.

Pitt, I have found out the origin of the hoax of the death of Louis Philippe which you know we received last summer from Galena. There are in this city several secret societies and one in particular, "The Cabites." This society the public know nothing about and it is not thought of or even spoken about except when a notice of the meetings appears in the papers as follows: "The cabites will meet at the wigwam or the upper or lower cave on the 16th of the 27th moon from the date of their formation." Well, about last June a letter appeared in the post office for the editors of the Missouri *Republican* purporting to be an express from Cincinnati, containing the most minute particulars of the death of Louis Philippe. The editor of the *Republican* immediately got up an extra and distributed it all over the city, and sent a number to every steamboat bound up the Missouri, Mississippi, and Illinois Rivers and down the Mississippi and all through the back country. The hoax was so complete that all the French tied crepe to the handles of their door knockers and went about in mourning, and shut up all the shops and places of amusement. Mass was said in the Catholic church and a very pompous procession formed to escort the effigy of their late King to its final resting place. The hoax was not discovered until three days had elapsed and thus it was that the Galena *Gazette* obtained the direful news. It is very clear that the cabites formed this scheme for their amusement. They have tried frequently to find out who are the members of this society but without success.

I must close, for I am going hunting this afternoon. I shall have fine fun. Mr. Bool was out yesterday and shot a few partridges and two possums. I hope I shall have better luck

and this evening I attend the dancing school. It is composed of a few young gentlemen, about twenty in number, and a few French ladies. I hope you will send me in return as long a letter as this. If you do not You!!! know. You know!!!!!!! Pitt, you know not what good your papers do me. I hope you will send them to me every mail. Books are very scarce. You must not let anyone see this except mother and father. My love to them, Henry D. (and make him write) and all friends.

Your affectionate brother,

JAY COOKE.

On February 1, 1837, the lad wrote to his elder brother:

I know mother feels concern that I may overrun my account, but she may rest assured that it will not be done. As for making money in St. Louis (that is for me) it is out of the question. Everything is very high. Washing \$1.00, board \$5.00, etc. Uncle Erastus says he is surprised that I can think otherwise than that Martin Van Buren is the greatest man in our country and that in four years my voice will be raised to praise him. I hope it will be as he says. He does not give any reason for my thinking the better of Mr. V. B. Probably because there is none, but only says he is surprised at my want of feeling. If he really had reasons for his thinking Mr. V. B. as great a man and as much deserving the high honor of president as General Harrison, why not explain and defend his idol? You must excuse me for meddling with business that does not concern me, but I have nothing else to write about, you know. I was out hunting yesterday (not on the marshy and miry prairies, as mother calls them), but upon the undulating and glorious prairies of Illinois, where every half-mile's walk brought you to some shady grove or to the banks of some beautiful and placid lake from which a small creek generally flows and empties itself into the mighty waters of the Mississippi. I always return from the excursion with undiminished admiration for the works of creation and also with plenty of game, such as quail, rabbits, etc. I believe you take little pleasure in such rambling, Pitt,

but to me it is pleasure, the greatest I enjoy. The Indians we have here are not the squalid and rum-drinking Indians of Sandusky's vicinity, but noble, brave, and generous ones, whose hearts are bleeding for their country's wrongs and view the white man not as a friend but as an enemy; as a viper whom they would crush. But they know their weakness. Still, but little more of the white man's cruelty and tyranny is wanted to goad them on to rapine and murder. The time is not far distant when St. Louis will become the theatre of bloody Indian warfare and were it not for the different posts of armed men in its vicinity, they would have been down upon her in savage array to seek redress for their wrongs long ago. I am now sitting near the banks of the Mississippi. I have a view of it for more than a mile. It shall be the means of carrying me somewhat nearer my friends next July if I live.

On February 21, 1837, the fifteen-year-old boy in St. Louis wrote to Pitt:

One thing I don't like is you seem to think more of the postage than you do of the letters. I don't mean you, either, but mother and father and uncle, etc. I should think a few pennies would not be considered [on a letter from St. Louis to Sandusky, twenty-five cents was collected, unless it was addressed to Uncle Erastus who was postmaster]. It is not right that Uncle Erastus should be troubled with all the family correspondence and I shall write to you personally hereafter. I have purchased two buffalo skins for Uncle Colly [Samuel B. Caldwell]. If you want some, I can get them. I can get the best for \$10 and others from \$3 upwards. Now, while I write, I suppose it is as cold as Zealand at Sandusky, while here it is as warm as summer at Sandusky. Boats of all descriptions are gliding on the placid Mississippi, arriving and departing daily.

On March 17, 1837, Jay Cooke wrote again:

Owing to the irregularity of the Humbug Express Mails, I have not received a letter from you for more than ten days, but a good many papers which, by coming a different route from that

of the letters, have been enabled to reach me. All papers come by Cincinnati, Louisville, down the Ohio in steamboats and up the Mississippi and the letters have to be tugged through the mud and mire of Ohio, Indiana, and Illinois, besides being deposited in old barns, etc., in bad weather. I expect a great many of your letters have been lost in this way. Mr. Seymour we expect home to-night in some of the steamboats that are due. He has bought a large quantity of dry goods, which he brings we expect with him. I shall be able before long to talk the French language as good as the Frenchmen themselves. It is very hard to learn, much more so than "tiche." I shall be home again in June or July. Homesick? little considerable—got plenty of hominy, hoe cakes, etc. I shall, when I come home, be like Mr. Seymour—like the cotfish besser an der chuckens. Today the postmaster had the politeness to open the newspapers you sent, or rather the one I received today, and I had to plank over two shillings for each. He says he shall open them all hereafter, so you must not write in them, not even my name, he says. I gave the old French fool a good dashing.

On April 18th he wrote:

I know not how to excuse myself for not writing to you and others for the last few weeks. We have been receiving goods almost constantly and I could not possibly find time to write, and when I did find a few spare moments, before I could finish a letter, I would find myself busy again. Mr. Seymour arrived here about 28th March in good health. We have a splendid assortment of goods. All Sandusky's stock would not equal it. Tell mother Mr. Seymour won't let me come home. He gives me all I want and something I don't want; for instance, a dirk knife and a pair of pistols, but don't be afraid.

But the boy *was* soon to come home, whether Mr. Seymour approved of the movement or not, for serious business troubles overtook the firm. Mr. Cooke continues in his Memoirs:

"I remained in St. Louis until the panic of 1837 ruined

my employers and then, gathering up my belongings and having been fully paid my salary, I returned to Sandusky with more cash in my pockets, some \$200, than any Sandusky boy had ever possessed before. I had acquired Southern habits and was a capitalist who 'felt his oats.' If a boy affronted me I would fight him. I was soon cured of all this by a narrow escape. The old justice of the peace told my father that if I was complained of again for walloping any of the neighbors' boys, he would have to send a constable for me. After this I got into no more scrapes and that winter resumed study at Adams' Academy, where I was made editor of the monthly paper gotten up in my best style upon a fine sheet of double width paper and all written out with my own pen."

In 1833, Jay Cooke's sister Sarah married William G. Moorhead, a brother of General J. Kennedy Moorhead, long a manufacturer, capitalist, politician, and public-spirited citizen of Pittsburg. Young Mr. Moorhead was interested, with his brothers, in contracting and structural operations in connection with the early railways and canals of Pennsylvania, and he had just organized a "packet line" between Philadelphia and Pittsburg. By this time, the state rail and water line from Pennsylvania's eastern to her western city was complete, and passengers and freight were conveyed from the Schuylkill Water Works over the Philadelphia and Columbia Railroad to Columbia on the Susquehanna, by canal up the Susquehanna and the Juniata to Hollidaysburgh, thence to Johnstown by a mountain railroad, and again by canal to Pittsburg. A number of rival companies owned their cars and boats, paid the charges for

the use of the state line, and were bidding against one another for goods and passengers; the latter being conveyed between the two cities in four or five days and the freight in about twelve days. The rate for passengers was \$10 or \$12, while carrying charges on dry goods were \$1, on hardware \$1, and on groceries 75 cents, per 100 pounds. Nine of the companies later entered into an agreement to raise these rates to \$1.25 per 100 pounds for dry goods, \$1.12½ for hardware, \$2.50 for hats, bonnets, clocks, pianos, looking glasses, *aqua fortis*, and gunpowder, and \$3 for carriages and willow baskets.

The principal line was Leech and Company's and competition with it was rather hazardous on account of its overwhelming resources. In organizing his company, which was called the Washington Packet Line, Mr. Moorhead was assisted by a number of prominent Democratic politicians of Pennsylvania, including Governor Porter and several of the Canal Commissioners. They obtained their capital from the United States Bank, which had just been re-chartered by the legislature of Pennsylvania, Mr. Cooke always suspecting that the bank accommodated Mr. Moorhead's friends in this way in gratitude for their services in extending his lease of life. In the spring of 1838, the company's arrangements being sufficiently well perfected, Mr. Moorhead invited his young brother-in-law, Jay Cooke, to come on to Philadelphia to serve as a clerk;—booking passengers, looking after the placing of advertisements and editorial notices of the line in the newspapers, and performing other secretarial duties in a shipping office. The headquarters of the company were at 83

Chestnut Street, next door to Congress Hall, a famous old L-shaped hotel, kept by John Sturdivant, at the northeast corner of Chestnut and Third Streets, with entrances upon both of those highways. Mr. Cooke was very active in representing the interests of his employers, each line making an effort to eclipse the others in the attractions of the service offered and in bringing these attractions to public notice. Soon such announcements as the following began to appear in the Philadelphia papers:

WASHINGTON PACKET LINE
AND
PHILADELPHIA TO PITTSBURG

The cars of the above line leave the depot, Nos. 1 and 2 Central Block (immediately opposite the West Chester House) Broad Street, daily at 6 a. m. via Philadelphia and Columbia Railroad and Pennsylvania Canal. Through at least half a day quicker than any other line which leaves at the same hour. The cars are eight wheeled, which insure safety and were built with a view to comfort and convenience. The boats, which are all new (this being their first season) are finished and furnished equal to any in the state and are commanded by careful and experienced captains who pledge themselves to render a passage as pleasant and expeditious as possible. There is also a baggage room below deck for the accomodation of those who have extra baggage. Every exertion will be made by the proprietor to render general satisfaction.

They connect at Pittsburg with a daily line of steamboats running to every point on the Ohio, Mississippi, and Missouri, and also by stages to Erie and Cleveland on the lake.

Office No. 83 Chestnut Street.

H. YERKES, Agent.

WM. G. MOORHEAD, Manager.

Fare through \$10.

Seats may be taken at the Steamboat Hotel, corner of Chestnut and Water Streets, and at the depot Nos. 1 and 2 Central Block, Broad Street.

Leech's line had relays of horses every ten or twelve miles on the canals, so that jaded animals need not be used, thus insuring swifter passage. It could carry daily sixty tons of goods, having two trains of ten cars each, each car holding three tons or two boat loads. Some companies offered boats in which stoves were provided for emigrants travelling west, so that they could prepare their meals as they passed along. Others had boats of unusually light draught to insure speed and an "Express Fast Packet Line" finally reduced the time to Pittsburg for passengers to three and a half days. During the spring of 1838, the bridge at Valley Creek, a viaduct of three spans in Chester County on the road to Columbia, was destroyed by fire and until it could be rebuilt, teams must be provided by the various companies to haul their freights around it. There was, too, a serious break in the canal farther up the line, and on July 3d Jay Cooke wrote that the company had to carry its passengers about 28 miles in stages until repairs were made and water communication could be resumed.

Young Jay Cooke's first impressions of Philadelphia were not very favorable, and he was engaged in a business which he did not like, for reasons recited with some fullness in letters to his brother Pitt. He had left home on March 25, 1838. On May 12th he wrote from Philadelphia:

I have several times commenced a letter to you but have been as often interrupted. When we speak of the devil's doings,

we always have them before us. . . . This makes the third time within five minutes and within that time I have taken three passengers but here come some more and I believe I'll lay it by as a bad job.

He resumed the letter at ten o'clock in the evening:

This great city, with its novelty and variety, with its stately buildings, churches, parks, ships of war, and places of amusement, has no charms for me like those of my native home and the deep, silent woods and murmuring streams and blue bay, where oft I've spent my happy days roaming with my dog and gun, or rippling the mirred surface with my bark canoe. Here all is business and bustle; all are strangers and I have wandered for hours along the busy streets and not met with one smile of recognition. But it is growing late and already has the large bell which struck the first note after the declaration of independence, sounded the hour of ten o'clock. The watchman's cries are heard of "all's well" and the mighty multitude have sunk to rest.

Mr. Cooke reached Philadelphia in time to witness the burning of Pennsylvania Hall by the pro-slavery mob. In a letter begun on May 18th, which, because of the excitement, was not finished and despatched until the 20th, he writes under date of May 19th:

Last evening when I had written as far as you see, I was arrested in my progress by the cry of fire and the usual noise and bustle which attend it. I inquired of some of the firemen where it was, and being told it was only five or six blocks from me, I determined upon seeing it. I shut up shop and when I came in the vicinity of the fire, I found it to proceed from the large building called Pennsylvania Hall, which had only been completed four or five days and was used for abolition meetings and for free discussion upon all subjects. It had been set fire to by the mob who were furious and much excited. The engines were not permitted to play upon the building, but a continual deluge of water was showered from upwards of thirty engines

upon the adjacent buildings; and though in the most central part of the city, the exertions of the firemen prevented its consuming or even damaging the buildings adjoining. Upwards of 70,000 persons were at and near the scene. Every street and alley leading to it was thronged by thousands of both sexes, and as the intense light reflected upon their countenances, it was amusing as well as singular to see their various expressions and hear their remarks upon things in general, each one trying to make himself the wisest, especially among the colored "Gentlemen and Ladies" who did not even sympathize with their white brothers for the loss of the building.

On Sunday Mr. Cooke continued his letter:

The excitement still is very great and last evening the city was filled with mobs. The office of the *Public Ledger* was attacked because the editor was bold enough to denounce all mobs (though he did not advocate abolitionism) and nearly demolished. This office is only one block from me and so you see everything that passes. But this will not interest *you* and I will return to things which are of more interest to *me*. You wish to know something about my city life. Well, I get up at five o'clock in the morning, make out my way bills, manifests, etc.; then my calls for our omnibuses, of which we have a good number to go for passengers in every part of the city and take them to the depot. This generally occupies me until eight o'clock, when I take my breakfast. After breakfast I generally read the morning papers and write what letters are necessary (for Mr. Yerkes, the head agent for passengers, is too lazy to do it himself). I then go to bank or take a walk in some of the parks, which are in our vicinity, as we are not much busied with passengers until after the New York boats come in, when I always have to attend to receive our way bills from New York, where we have our office, and take charge of the passengers, have their luggage taken up to the depot, and show them a hotel to stop at over night. We have a half dozen runners to get passengers for our opposition line, of whom I have the direction when on the dock. The runners of the different lines very often

fight with each other, and we have to pay the fines when our men get into a scrape. I am always busy in the afternoon and until eight o'clock in the evening. Take dinner at two and supper at eight. After tea I take a walk, go to the theatre or museum or sit at my desk, where I have a good view of the throngs of ladies and gentlemen who fill Chestnut Street until nine o'clock. I am often amused at seeing the city boys, who having scraped together a few shillings, spend it in riding in a buggy or on horseback and the awkwardness with which they handle the reins (something like an old woman going to market) or set on a horse, is truly laughable. A ride is considered one of the greatest luxuries in Philadelphia, although they very often get a tumble for their inexperience. Our business prospers. Our expenses are about \$75,000 yearly and our receipts will average \$150,000. Our stock cost about \$150,000. Therefore we shall clear fifty per cent. if everything goes on as we expect and we have no bad luck. I have already a good many friends, but having made a solemn oath to keep clear of all vicious habits, I am careful not to associate with any of the young rakes of the city until I am certain of their good character.

On June 8, 1838, the boy wrote:

You wish to know my reasons for being homesick. In answer to your question, I shall divest myself of every prejudice and plainly and, I hope, satisfactorily give my reasons. Would you like to remain day after day in a close hot office, engaged in one of the most disagreeable duties, that of soliciting passengers, etc., or to attend the boats at different hours in the day and while necessarily contradicting what the opposition men say, run the risk of having to be under the disagreeable necessity of pulling off your coat and standing a regular set-to? These things I am daily liable to and unless I had some of our men always at hand, I have no doubt but I should be flying into the Delaware some half dozen times in the day. During the day I am homesick, but after night, when business is through for the day, then I am contented; at least when I can enjoy in imagination the beauties of our western woods by wandering

through the spacious parks with which the city is adorned. Mr. Moorhead and I are constantly amusing ourselves the best way we can; eat ice creams, mineral and soda water and confectionery, etc. The bells have just commenced ringing for the militia and fire companies to proceed to the southern part of the city to quell another tremendous mob produced by the murder of three whites by three negroes. It is feared by some the mob cannot be quelled. I will write again and let you know.

"Fires and murders, mobs and abolition squabbles are every day occurrences," he continued, and in this way too the city disappointed him. "Two taverns, which had our signs at their doors and took passengers for us," he said, were burned. The noise disturbed him. On August 5th he wrote:

What an odd mixture of incidents and sounds form a city life! The first thing in the morning that is heard is the rattling of the omnibuses, coaches, drays, ice carts, etc., over the pavement, This continues from daylight to sunset and after. "Sweep, oh!" "Fine Peaches!" "Hot Corn!" "Coal, Coal, oh!" "Scissors to grind!" "Fine melons and apples!" "Hot Muffins!" etc., etc. Next comes up an organ grinder and hauls up before your door and, unless you throw a bucket of water upon him or something else as bad, he'll torment you with a jumble of tunes for half an hour and draw a crowd of gaping urchins about your door. Next comes perhaps a fight or a carriage running away and perhaps amidst all this confusion the startling alarm of fire breaks on the ear and crowds of firemen and engines, with bells ringing and loud clamor, flock towards the burning buildings. It is impossible to have any peace until about nine o'clock and then you can enjoy yourself. . . . I feel much indebted to Wm. G. for his kindness to me. He treats me with the greatest confidence; allows me to open all his private and business letters, correspond, and write his advertisements; confides to my discretion the secrets of the company, leaving with me, when absent, the keys of his private treasury desk, and numerous

other acts of confidence in my fidelity to his interests. He shall not regret his confidence in me. All these things tend to form me for an active life and an acquaintance with mercantile operations, etc.

But Jay Cooke was to be in at the death of another business enterprise. The company failed ignominiously. Negotiations, which might have saved it, were pending, but they had not succeeded. On September 22nd he wrote to Pitt:

I have just heard from Willy Moorhead. He is in Baltimore and will leave for Harrisburg, Pa., in a few days, I believe. I have not seen him for three weeks past and do not think I shall again in Philadelphia, unless the Washington Line starts again, which is very doubtful, for it would not be safe for him or any one else who was an owner in the concern to come into the city until they get money to pay drafts etc. for stock which are under protest and in suit. They have been negotiating with the United States Bank. They will require from \$12,000 to \$20,000 cash to clear things to start again, which I am confident they cannot get; so I am almost certain that Willy and myself will be trapeising back to Sandusky before long; that is, if we can get enough money to take us there. But, upon the whole, I don't think I shall be home before the first or middle of December. As the Washington Line had broken up, I was left alone in the office without money or anything to pay my expenses with and Mr. Moorhead out of town and not likely to come in again. Well, I got tired of reading newspapers all day, so I began to think of "getting a situation." Well, as I was reading in the office, Mr. Sturdivant, the proprietor of Congress Hall, which is next door, sent for me and told me, as I was doing nothing, that he would give me something to do until the line started again or until December, to keep the books of his large establishment. Well, we made a bargain and now I am in a situation for which Mr. S. had a dozen applicants or more and without my even hinting the thing to him. So much for having so good a father and mother and other relations and

the knowledge he had of our family. I have to take charge of the bank account and make out and collect bills for board, deal with the servants and assistants of all descriptions. I have been in good health and am now six feet two inches and a half [Mr. Cooke was really about five feet eleven inches in height] and as healthy as a rat in a granary. Pitt, what do you say to farming next summer? Let's go in partnership with Benny and as you are a good inventor of household and field implements, we could fit up at little expense. I had rather work than do such business as counter jumping or any of the species of "polite and genteel" employments.

His relationship with Mr. Sturdivant continued until about November 1st. On October 23d, Jay Cooke wrote to Pitt:

I shall not tell you much news until I see you, which will be in about a week after you receive this letter. My engagement with Mr. Sturdivant at Congress Hall is nearly out and I know not where else to get work or I would not trouble you with my presence so soon. Pshaw, what a story I am telling you. The truth is, I am anxious to get home again. That's a fact. I am going to New Castle to-morrow morning to get father's deeds recorded. This I should have done sooner, but the truth is, I had not a penny in my purse to do it with. Now that I have received something from the Washington Line, I am happy to do it for Pa. I will write a line from New Castle to-morrow afternoon.

In the same letter he had a message for Moorhead, who, with his wife, feared that the young man blamed them for "getting him into a scrape." Jay Cooke said on this point:

I do not blame or think hard of you or anybody else, but, on the contrary, would, if I were where I started from this spring, go the whole ground over again. True it has been a disagreeable campaign, but it has learnt me more than I would have learned in a thousand years in quiet seclusion at home. You, Willy, have

cut quite a figure in the world this summer and I as your clerk have naturally shone a little even in your shade.

The Sandusky boy, now seventeen years old, had collected \$60 from Moorhead's agent, which was all the latter could spare because of an unexpected attachment. He owed Farr, the tailor, \$12 for mending his clothes and for a pair of pantaloons, and now ordered a new suit at a cost of \$40, which left him \$8 to be expended on the trip to New Castle. He was promised \$40 more from the Washington Line and \$15 or \$20 from Mr. Sturdivant, and when he had purchased an overcoat, boots, a hat, and a few other articles, he thought he might have \$35 left to take him to Sandusky.

Mr. Cooke writes in his Memoirs, in recalling what followed: "My advent in Philadelphia had been via Pittsburg, Bedford, Chambersburg, and Baltimore. I now returned by Leech and Company's line to Pittsburg and thence to Cleveland, where I took a small steamer to Sandusky. I was presented by my old antagonists, Leech and Company, with a pass to Pittsburg. I was well clothed and had a trunk full of presents and plenty of cash in my pockets when I reached Sandusky and greatly enjoyed this, which proved to be my last winter in that place."

CHAPTER II

A PHILADELPHIA BANKER

A door or two above the Third Street entrance of Congress Hall was the office of E. W. Clark and Company, a banking firm recently established in Philadelphia. Enoch White Clark, born in 1802, was a native of Easthampton, Mass. When about sixteen, he entered the Philadelphia banking house of S. and M. Allen and, upon coming of age, was sent to establish a branch office for his employers in Providence, R. I. He had marked success in that city in advancing their pecuniary interests, but subsequently in Boston lost all his savings and mortgaged several years of his future life by unfortunate financial adventures on his own account. In January, 1837, he had returned to Philadelphia, founding with his brother-in-law, Edward Dodge, the firm of E. W. Clark and Company. The interest of Mr. Clark was two-thirds and of Mr. Dodge one-third, the capital, \$15,000, being furnished by them in the same proportions of two to one.

When Jay Cooke left Philadelphia in the autumn of 1838, he told Mr. Sturdivant that he might return in the spring, if a favorable opening occurred. While keeping the books at Congress Hall, he had made the acquaintance of many men whose places of business were in the neighborhood. Among those who went in and out of the hotel were Mr. Clark and Mr. Dodge,

who saw the boy at his post and were attracted by the quick apprehension, the ready humor, and the cheerful self-reliant spirit that we see exhibited, to so marked a degree, in his letters home, and which were the traits that made him seem one apart from the youth about him. In the spring of 1839, Sturdivant wrote to his young friend at Sandusky that if he wished to return to Philadelphia, Clarks were in need of a young man and would be pleased to have him come on to take a position in their banking house.

Jay Cooke again reached the city on April 3, 1839, about a year after his first introduction. He would be eighteen in the August following. He was "a tall, slender" young man, who had already seen a good deal of the world and had already had his full share of its disappointments. He had health and strength which in youth were not given to his brothers Pitt and "the Major," as they called Henry D., both of whom were still at their studies. Jay was ambitious, industrious, and faithful to each day's duties. In the brokerage and banking business, he found the calling for which he was naturally designed, and was not long in recognizing the fact through the real enjoyment that the occupation afforded him. Only one month after his arrival in Philadelphia, he wrote to Pitt:

I take much more pleasure in living here than I did last summer, as my new business is much better and I find that my old friends have not forgotten me after my short absence. I have a number of valuable ones who may be of service to me hereafter. A city life, when all things conduce to your comfort and happiness, is really delightful. Mine is the very height of perfection. The business I am engaged in is of the most respectable kind and the house is the first in the city. Although I have been with



ENOCH W. CLARK

*From the oil portrait which he presented to Jay Cooke, now the property of
Mrs. Charles D. Barney*

them only four weeks, I have now the most responsible station it affords. I never was engaged in anything that exactly suited me until now. Besides the duties of the office, I am private secretary to John Sturdivant, Esq., and manage his money operations of \$100,000 per annum with all ease and without interfering with my necessary rest or recreation. I have a splendid room in connection with a young man of Mr. Sturdivant's, carpeted, bureaus, mirrors, tables, wash-stands, etc., and a bed to myself about equal to mother's in the front chamber. Boots blacked, coats brushed, breakfast at eight, dinner at three, tea at seven, and sup at eleven p. m. What do you think of this? Is it not much better than I could have expected? I have got on the right side of fortune in Philadelphia and if prudence, punctuality, and good behavior, as far as in my power, can keep me there, I shall remain *statu quo*, as you say, forevermore.

On May 13th, he was explaining that he had been prevented from writing a letter on Sunday by an invitation to dinner at his "boss, Mr. Dodge's," and he continued:

I have the most enviable situation of any young man in the city, I believe. My business is one a thorough knowledge of which will enable me to get through the world "head up." Money is chiefly the object for which all men contend, who often misuse it from a want of knowledge as to its true worth and character. I am getting to be a good judge of bank notes, can tell counterfeits at sight, and know all or nearly all the broken banks in the United States of America. I practice a little upon my flute and have learnt several fine tunes lately.

On July 28th, he wrote, indicating some homesickness and the means he had adopted to ward it off:

Why do you write to me in such a hurry? Can it be a task for you to write a few lines to cheer your poor brother in his loneliness? For, although I am in a great city with sights and sounds with which it would appear impossible to be lonely and have friends, and good ones too, still I prize beyond everything the

slightest news from old Sandusky. It is the point with which at leisure times I hold communion. Philadelphia is a better place than Sandusky to spend money. I seldom trust myself when I go out for a tramp in the evening with less than one or two dollars and never have a cent in my pocket when I return. I went last evening to the Chinese Museum and I never was so much interested in anything in my life. It is indeed a splendid exhibition. I learned more of the Chinese nation in that visit than I ever knew before, or should ever have been likely to know. I stopped in at Woods' and other places on my route and had ice cream, fruits, etc., very fine! There is a great deal of pleasure in being independent, in having at your own control what little you have in this world.

On August 9th, he wrote to Pitt:

You will want to know how I am, I suppose. I am the same jolly, happy boy I always expect to be. By the by, tomorrow is my birthday,—eighteen years old the tenth day of August, 1839. If I was only a girl, I should be of age. I am glad I ain't, though!

On August 14th, he wrote again to his brother Pitt:

I wish from the bottom of my heart, as the saying is, that I had you here with me for a few days. The way I would gallant you about to all our places of amusement, etc., would be just what I should like. One evening last week I went to see a new play at one of our theatres called "The Lion King." It is one of the most thrilling and beautiful pieces I ever saw. Tigers, lions, leopards, etc., are introduced in many of the acts. In one of the scenes a large tiger darts upon a sleeping captain of banditti, from a den in a ledge of rocks nearby, and after a fierce conflict the animal is overcome by the sturdy robber. In another scene "The Lion King" drives a large fierce lion, harnessed to a car, up a hill in full view of the audience. The play is intermixed with songs, dances, battles, and the usual quantity of love. Besides our theatres, we have every other kind of amusement at this season of the year. But I suppose you do not care for them. I am more and more pleased with

my new business and consider I need not fear for this world, as a knowledge of my business cannot fail to make any one who understands it at least comfortable. As you lawyers never expect to be worth much, I shall have the pleasure some time of helping you out of trouble perhaps. Castles in the air. Heigh ho!

Writing home October 6, 1839, he said:

As I am paymaster-general of Mr. Sturdivant's forces, I am looked upon by one hundred "nigs" as lord of creation and meet a salaam from all of them when passing by them. If at breakfast, dinner, tea, or supper, I am sure of getting the best of everything and in this way I have a great advantage over all the young fellows who board here. It is amusing enough sometimes to lay upon your oars and take a view of the dining hall and its occupants. Here will be seen a fat Cit, who has luckily got opposite to a large pig and who is belaboring it with all his might, while a dozen others are waiting anxiously for a chance at him. A little way off sits a hot-blooded Southerner, swearing at the darkies for spilling the champagne on his pants. His next neighbor has seized upon the only roast fowl within reach and appropriated the whole of it to his use. A Virginian nearby, unused to the luxury of an Irish potato, has taken the whole half-dozen and pushed over to the gaping paddy opposite the real Virginia sweeties, who swears by the powers, if they don't bring him "some raal praties," he'll "lave the house." Far down in the hall at the numerous tables can be seen every variety of people:—the Yankees, the western merchants, the pretending Spanish noblemen, with their liveried servants at their backs, etc., etc. I enjoy the scene sometimes very much. . . . For the first time since I have been in the city this time, I took a ride last Wednesday in a buggy and drove down to the junction of the Schuylkill and Delaware, and all along the beautiful banks of the Schuylkill, and amidst the handsome palaces and country seats that adorn the suburbs. There are some of these palaces and castles which kings might own and be proud of and everything about them resembles the residences of the

highest monarchs of the old world. . . . Oh, this is indeed a delightful city and the more I see of it the more I like it. There is always something new to be seen, and if you were to walk every evening for a year, you would still find numerous parks, public gardens, and private streets that were perfectly new to you.

On Christmas Day, Mr. Dodge again invited the Sandusky boy to dinner. "Mr. Clark and all our company were there and we had a jolly time," he says in reporting the event. "Messrs. Clark and Company are none of your stiff, unsociable men, but are full of fun and frolic and like to have others enjoy themselves too. We drank healths, etc. Mr. Clark gave a toast, 'A health to absent friends, circling from the shores of Lake Erie to the happy valleys of New England.' We remained there until about six o'clock, when two of my young acquaintances and myself thought to wind up the day by witnessing the great performance at the Chestnut Street Theatre, where we went and shook our sides until eleven o'clock. On New Year's Day we are invited to Mr. Clark's."

On New Year's morning, 1840, he writes to Pitt, saying that Mr. Clark had handed him an order on the best tailors in Chestnut Street for a complete suit of clothes, "the best I could procure, and told me to get such a suit as I wanted and never mind expense. What do you think of that? As I do not need new clothes this winter, I shall wait until spring before I make my choice. It would be something strange in old Sandusky to receive a gift like this."

The business of Mr. Clark's banking house developed rapidly and Jay Cooke's letters to Pitt show how soon

he won the complete confidence of the heads of the firm. On November 17, 1839, he wrote:

These are funny times here and my bosses are making money fast. This business is always good and those who follow it always in time become rich. I shall stay here until I am twenty-one and then go into business myself; and, even if I have not much money to start with, I shall have plenty of friends to help me. I am not afraid but that I shall be able to help myself, Major, you and all the rest who follow such scarecrow professions. But really, boasting aside, I am fortunate in getting into this new business and have no hesitation in considering my fortune made. Five years since [?] my employers came to this city and opened their office. They were then known to few and had little capital. Now they are the first brokers in the city and have the unlimited confidence of the banks and merchants. They crept along honestly and honorably with what they had. Rich merchants who had more money than they required in their own business, lent it to them and, what was more, lent them their names as references; and now they are doing a business amounting to millions in the year, and giving a clear profit of \$40,000 or \$50,000 a year. Frequently in some great operation they pocket \$500 a day.

On January 22, 1840, the young banker wrote:

Our office is continually crowded with customers and we do a tremendous business. We buy and sell at from one-eighth to one-quarter for commission and thus in doing \$50,000 per day you will see it pays well. We often make one per cent. on a large amount in one day, thus increasing our capital three and one half times in one year; but at the common rate of one quarter per day, which is about an average, we nearly double our capital in one year. We keep money all over the United States. Every mail which leaves the city for the south, west, north and east bears rich packages, the proofs of our enterprise. It requires a large capital to keep this mass of money continually floating over the country, as you can well imagine. Of late I do almost all the corresponding. Messrs. Clark and Dodge

✓ leave the office very frequently after the bank hours, and leave me to settle cash, write letters, etc. The other clerks do the copying, etc.

In a letter dated February 28, 1840, he said:

I write so many business letters that I almost lose the form and spirit of a private one and should my business way of expressing things, etc., be displayed, as I doubt not they frequently are, you can lay the fault to the right cause. I write some days 15 or 20 letters to all parts of the United States, and more than both of my bosses do. At this season of the year, I get up at half-past seven, take breakfast at eight, then go into the counting room and there am busy as a bee until three o'clock, when the banks close and I go to dinner. After dinner I am busy until six o'clock, when I leave the office, take tea, do what little writing I have to do for Mr. Sturdivant, then take a walk up Chestnut Street or anywhere else my mind leads me to. At seven all the places of amusement are opened and we have our choice of every variety. I am getting indifferent to them and go seldom. Supper is on the table at any time from nine to twelve at night. I generally begin to dream of home about ten to twelve o'clock. . . . In my position I can see and have a broad space for observing the different nations of men. Among our customers are men of every age and of every position in society, from the hoary miser to the dashing buck who lives upon his thousands. Through all grades I see the same all-pervading, all-engrossing anxiety to grow rich, to snatch from the unwilling hand of fortune that which her caprice will never permit her to grant them. This is the only thing for which men live here. How they do in the country I know not, but I see enough to convince me of this fact. . . . I look upon riches but as naught more than the means whereby one can display his social and ✓ generous spirit, and, if I should ere be the one I may be, I'll be a friend, a man.

On November 24, 1840, he wrote:

The broker's business is always pleasing and I shall never get tired of it. I have pretty much my own way and they entrust

me with the most important parts of all their business. My salary is unchanged and I don't care for it until I am twenty-one. I could have more if I asked for it, but I don't choose to do so. The knowledge I am gaining of business is worth a mint to any one. When I am twenty-one, I shall make a bold stroke and go ahead. As for my money affairs, I know mother is curious to know a little about them. I am a little extravagant and am about square so far, but shall be more saving in future. I am obliged to dress well, and in the city \$300 don't go far, especially as there are many extras.

The account of the young man's relations with Mr. Clark and Mr. Dodge is continued in his letter of December 20, 1840, to his brother Pitt in Sandusky. He writes as follows:

Christmas and New Year's are now but a few days off. My Christmas dinner will be at Mr. Clark's, and on New Year's at Mr. Dodge's, with plenty of fun and frolic during the day, egg-nog at Congress Hall and theatres in the evening. Mr. Sturdivant's custom is to have immense quantities of egg-nog manufactured "free gratis" every New Year's and Christmas. The business of the office continues to devolve very heavily on me. They are glad to be spared the trouble of which I lighten them, and I frequently have fifteen or twenty letters to write before tea, all of which I am aware is to their satisfaction. This responsibility I of course am pleased with. They have frequently done a heavy business during the day and gone off to dinner after overdrawing the bank account \$80,000 or \$100,000, leaving me to make it up before three o'clock. Sometimes it happens that we have exceeded our means 10, 20, 30, or 50,000 dollars and I am obliged to borrow it of other brokers, not always without difficulty. I have frequently been put to "my stumps" when money has been scarce, but have always succeeded, they probably not knowing whether they were short or over. We are doing a very heavy business at present. We have over \$180,000 on hand in Mobile and Alabama funds, all of which when disposed of will pay a smashing profit.

In eighteen months after entering the employ of the house, Mr. Cooke was clothed with power of attorney to sign the name of the firm and on January 1, 1843, at the age of twenty-one, he was admitted to partnership with a one-eighth interest, which was taken from the two-thirds of E. W. Clark. "I have never heard of a similar instance," said Mr. Cooke with some pride in later years, "where one so young and without capital, or other influence, so speedily attained such an honorable position." Under the circumstances, these words seem to spring from no vain sense. Such progress was in truth remarkable. But the firm itself was advancing rapidly. In November, 1842, Mr. Clark with his brothers, Joseph W. Clark and Luther C. Clark, and Mr. Dodge, each of them having a one-quarter interest, formed a St. Louis house, known as E. W. Clark and Brothers. On the 1st of January, 1844, Jay Cooke became a partner in that firm, his interest being one-eighth of the half interest of E. W. Clark and Edward Dodge. In the autumn of 1844, a New Orleans office was opened under the name of E. W. Clark and Brothers and Farnum, E. W. Clark and Brothers of St. Louis and George W. Farnum being the partners. The capital was \$50,000. Affiliated with this chain of houses, was a Boston branch, J. W. Clark and Company, in charge of Enoch Clark's brother Joseph; and in August, 1845, a New York office was opened, under the name of E. W. Clark, Dodge and Company, J. W. Clark and Company of Boston having a one-fifth interest, New Orleans one-fifth, St. Louis one-fifth, and E. W. Clark and Company of Philadelphia two-fifths. This house was established with a capital of \$500,000, which was furnished by each



JAY COOKE

From a daguerreotype taken in 1837 or 1840



JAY COOKE AND JAY COOKE, JR.

From a photograph taken during the war

partner in the above given proportions. E. W. Clark's and Edward Dodge's interests were equal and Jay Cooke was assigned a one-eighth interest in their combined shares. In 1846 the New Orleans office was closed and its interest in the New York house passed to E. W. Clark and Brothers of St. Louis.¹ The Clarks also had branches for a short time in Burlington, Ia., and Springfield, Ill.

For both Enoch W. Clark and Edward Dodge, Mr. Cooke's love and respect were deep and enduring. "They were," said he, "generous and noble men and I am proud to recall that their affection and confidence were extended to me during all our business connection and during all their lives." Mr. Clark's two sons, Edward W. and Clarence H., received many of their first lessons in business from Jay Cooke, who was often to be seen with one or the other of the lads holding his hand, as he went in and out of banks and brokers' offices in Third Street. On January 1, 1847, Edward W. Clark was admitted to partnership, but in the Philadelphia house only, he taking a one-eighth interest, which was subtracted from his father's share. The shares, until Clarence H. Clark came into the firm, were as follows: Enoch W. Clark, ten twenty-fourths; Edward Dodge, eight twenty-fourths; Jay Cooke, three twenty-fourths; and Edward W. Clark, three twenty-fourths.

In those days there was a newspaper in Philadelphia called the *Daily Chronicle*. It was published by Colonel Alexander, who in 1834 sold it to a young Scotchman, James Gordon Bennett. He in turn soon disposed of it to the proprietors of the Philadelphia *Inquirer*, going at

¹ From a pencilled memorandum in Jay Cooke's papers.

once to New York to found the *Herald*. Colonel Alexander established another *Daily Chronicle* on May 4, 1840, his office being at the corner of Chestnut Street and Franklin Place. He was one of E. W. Clark and Company's depositors, and in this way met Jay Cooke, who was asked to write a daily money article for publication in the new paper. Mr. Cooke does not neglect to mention this interesting experience in his *Memoirs*, saying:

"I wrote a column every day for about one year, preparing the material at spare moments during the day, and collecting the items from our large correspondence and from our daily experience in the detection of broken banks, counterfeits, altered notes, etc., also quoting from our exchanges, foreign and domestic, the items of news as to the prices of cotton and grain, the condition of exchanges in different parts of the country, etc., etc. This experience was very serviceable to me, but was rather more work than I should have undertaken, in addition to the responsible position I held in the banking house. I gave it up after one year's experience. During that time I was a member of the Press and the usual free facilities were granted me to the theatres and operas and other places of amusement, but, owing to my close confinement in business, I could very seldom avail myself of them. About this time the New York *Herald* contained a brief reference daily to money matters and exchanges, and one or two newspapers in the South and West copied my articles, adding information for their own localities. With these exceptions, I think that the articles of mine in the *Chronicle* were all that were published at that early date."

The Daily Chronicle

AND
GENERAL ADVERTISER.

PHILADELPHIA, MONDAY, MAY 18.

The answer to the Riddle in Saturday's paper, is *A Chicken Cook.*

The kind suggestions of some of our critical friends shall be all attended to in due season.

"A Subscriber" is informed that we are decidedly neutral in politics. We shall watch closely the doings of both parties, and censure or praise as the case may demand.

MONEY MARKETS.

Saturday ended a week of unusual dullness in the money market. A general quietness pervades all over the country—the monetary affairs seem to be enjoying a morbid rest, preparatory to awaking again to assume new aspects of life and activity.

The news by the British Queen will not materially affect us, and is of little importance in a commercial point of view. Most kinds of American stocks and securities were on the decline; at least such of them as, from the condition of affairs, do not merit improvement. Money, in England and on the Continent, was plenty, and the rate of interest and usury falling. The cotton market shows a slight advance; but gives signs of more activity, and promises future improvement in prices. The success of the negotiations of the United States Bank is not yet announced.

There were some large transactions on Saturday in New York and Boston funds; prices firm at 5½ to ½ New York, and 5½ to 6 Boston. Southern funds generally remain with little alteration; Georgia funds are growing worse: Augusta 7½ to 8; Savannah 5 to 6. The amount in the market is small. Exchange in Charleston on N. Y., has advanced 1 per cent. Brokers are buying South Carolina and Charleston notes at about par, and checks on Charleston at ¼ to 1 premium. Tennessee, more in market, and finds ready sale at 10½ and 11; Alabama not very plenty; Bank notes 8 to 9; Mobile certificates 7½. County do. 9 to 9½; New Orleans checks 2½ to 3; Bank notes 3½ to 4. Exchange on Philadelphia in the western cities is more plenty in St. Louis the Brokers check at 4 premium, and in Louisville and Cincinnati 3 to 3½ premium.

We have, as yet, no statement of the condition of the Berks County Bank, and although we have made many inquiries, are unable to give any information respecting it. The notes sell at from 15 to 20 per cent. discount.

A large amount of checks on the United States Bank sold on Saturday at ¼ discount. The difficulty increases daily, and some change must soon take place.

The city of Baltimore is flooded with shin plasters and small notes, emanating from Railroad and Canal Companies, Savings Institutions and private individuals. Many of these suspicious and unlawful issues, owing to our want of small notes, find a circulation in our city. If our citizens countenance their circulation, and do not use some means to drive them from among us, the redemption day will find their pockets filled with valueless trash. In addition to the above, are the Post Notes of the Reading Railroad Company, and Hallowell Coal Company. By the Eastern mail we have the news of the failure of the Concord Bank, Concord, New Hampshire.

The young Philadelphia banker also mentioned his newspaper post and its attendant privileges in his letters to Pitt Cooke. On June 7, 1840, he wrote:

I have but little time to devote to my own affairs. I am busy from eight o'clock until seven or eight in the evening, and often later. If I go to any place of amusement, I drop in about eight or nine o'clock and see enough before twelve o'clock to refresh my business faculties, and bring them to a par with the rest of my mind, and thus keep my temper even. I really believe you would not know me now, Pitt. The confinement of a city has bleached me to the color of the white rose. The ruddy, sunburnt complexion I used to have is all gone and my whole person is vastly changed — all except my heart. Under the patronage of Colonel Alexander, the editor of the *Weekly Messenger* and also of the *Daily Chronicle*, I am admitted free to all theatres, museums, public gardens, etc., and when I wish to and have time to enjoy myself a little while, I stalk in as independent as you please, a privilege which few enjoy.

On December 20th, he wrote:

My head is scarcely "out of the woods" at this moment, as I have just concluded rather a lengthy article on finance, etc., which has occupied me since tea-time and which will be duly furnished you in the columns of to-morrow's *Chronicle*. I have been reading to-day the life of Oliver Cromwell and also some lighter matter from *Graham's Magazine* (formerly *Burton's* and *Casket*), the January number of which was given to me by one of the publishers. I will send it to you. The engraving of the Playmates [a child and a dog by Sartain] is indeed charming and beautiful. The article, "My Progenitors," [a thoughtful essay by S. W. Whelpley, A. M.] is interesting and I have often thought I should like to be acquainted with the most remote and original link of the chain of which I as yet am the last. My leisure time the last week I have employed in reading mostly. I intend to give more attention to this than formerly. I have purchased several new volumes, among them Burns's and Scott's works, Popish Church, etc., and I intend to buy some of the most useful classical works.

The lad missed the dancing and the society of his girl friends in Sandusky, concerning whom he exchanged many confidences with Pitt, being still full of the merry zest of boyhood, a happy season which was being much trenched on by the stern demands of his business life. Sometimes he distrusted them, but his sister Sarah was an exception and made him "half inclined to believe that women are not such vain and hollow-hearted creatures as some persons represent them to be."

On September 22, 1839, he wrote blithely to his elder brother:

I am sorry you do not mingle with those whose hearts leap at the merry sound of music and gather health and enjoyment from the excitement of the ball room. Oh, Pitt, you may laugh as much as you please at the idea of there being any pleasure in bouncing and flouncing about a ball room to the music of the homely fiddle, but you know not what pleasure and real excitement there is in it. To take the soft hand of your fair partner in yours, to steal soft looks from her "orbs of soul" and to know that she is yours for the time, is pleasure. Aye, how I have enjoyed it from my very heart and hope to again.

In another letter he says:

Tell the girls I am very sorry I cannot dance with them this winter. I should like to have been at the grand ball. The only dancing I have is with my room-mate Paul, whom I am teaching the "polite art" in its various branches, at the same time keeping my own hand in.

With his combined duties at Clarks, at Congress Hall, and as the writer of Alexander's money articles, Mr. Cooke was taken rather seriously ill in the summer of 1840. His various employers were very kind and attentive to him in this sickness and came often to see him. Sometimes, he wrote, seven or eight persons were

in his room at once. He was attended by Dr. Jayne. For this and other reasons, he was not able to return to Sandusky for a visit, as he had hoped, and was now indeed in the way to become a true and life-long Philadelphian.

The money system of the country when Jay Cooke first entered the financial arena, was in a singular state of derangement. Clay's bill to recharter the second Bank of the United States, of which Nicholas Biddle was the President, had been passed by Congress while Eleutheros Cooke was a member of the House of Representatives; but Andrew Jackson had vetoed it. Upon this institution, which had so unfortunately excited his misguided but implacable hatred, all the bitterness of a strange soul was concentrated. He lived and served only to compass its destruction. Denouncing it as "the scourge of the people," he at last resolved upon a withdrawal of the government's deposits, which was accomplished in 1833. Naturally, loans were called to meet the demand for money, industries languished, wages and prices fell, and a series of lean and uncertain years ensued. In 1836 the bank was directed finally to wind up its affairs, but Nicholas Biddle had taken up Jackson's gage of battle, and, failing to obtain a renewal of the national charter, appealed to the legislature of Pennsylvania for privilege to continue it as a state institution. Thus was founded the Bank of the United States of Pennsylvania, which became the trustee of the National Bank, now defunct. Instead of closing its doors at the appointed hour, its notes were reissued, its officers continued to use its books, and complications of a serious nature resulted at once. The national govern-

ment appointed agents to treat with the new corporation, but it was not until 1840 that all its claims were settled and the national interest in the enterprise was entirely eliminated.¹ Its capital as a state bank was just what it had been under the national charter, \$35,000,000, and it continued to be the leading financial institution in a city which thus far had held an unquestioned place as the money centre of the country. At this time Philadelphia had some twenty smaller banks, included in the number being the Girard Bank, with a capital of \$5,000,000, and Robert Morris's old bank, the Bank of North America, which was chartered by Congress in 1781 and through which he managed many of the difficult financial operations of the Revolution. Whatever affected the United States Bank disastrously was of national meaning, and its misfortunes were particularly fruitful of consequences for the financial community in Philadelphia in which Jay Cooke was making himself a factor of importance.

Everywhere there was a plague of state banks great and little, issuing notes, practically without regulation upon insecure and unknown assets, which often confounded every legitimate expectation of business men. There were "runs," failures, sudden and frequent suspensions of specie payments, counterfeiting, and other symptoms of deep-lying disorders. In 1841, the United States Bank of Pennsylvania was forced to close its doors. The terms upon which it had obtained the new charter whereby its officers aimed to circumvent Jackson's designs, were costly. Large bonuses accruing to the advantage of turnpike and canal companies, the com-

¹ Ralph H. Catterall, *The Second Bank of the United States*.

mon school system, and other enterprises, were required of the bank and with these onerous obligations in a deranged period, its ruin was inevitable. With such disorganization ruling in the regularly chartered banking system of the country, these years became a harvest-time for brokers and private dealers in money and exchange, if they were deft and astute. They were the agents for the management of practically all the important business transactions. Jay Cooke used to recall that "the largest portion of the collections passed through their hands." Through them vast quantities of currency were sent home for redemption. "Nearly all the out-of-town bills receivable were entrusted to the brokers for collection," said he, "and the great bulk of the borrowing, on the part of merchants and others, was accomplished through the brokers. All dealings in foreign exchange, in gold and silver, etc., were negotiated by the private banking and brokerage houses and most of the drafts on New York, Philadelphia, Boston, etc., were obtained through the brokers. I have seen and passed through periods, extending over two or three years at a time, when the bulk of the business paper was discounted by brokers at from nine to eighteen per cent. per annum, and during these periods we had frequent suspensions of specie payments when all exchange would be thrown into utter confusion. The premium on gold and silver rose to fifteen and twenty per cent., and the discounts upon currency, which constantly varied, fluctuated from one to twenty per cent. It was a grand time for brokers and private banking."

Jay Cooke's earliest connection with E. W. Clark and Company was as a polite, quick and skillful money

changer. For this important work he exhibited much natural capacity and in this department he soon proved his value to his employers. One of his first duties as a clerk, he recalled, was to visit the Bank of the United States daily, "presenting to Mr. Patterson, the courteous paying teller, a bundle of checks on the bank," requesting United States bank notes for the same for remittance to New York. "Afterwards," said Mr. Cooke, "we had large dealings with the bank in purchasing silver and gold for it to replenish the drain made upon it through the redemption of its five-dollar bills, a condition of its charter being that it must never suspend upon this denomination of issue. In one period of about two weeks we purchased for the bank upwards of a half-million dollars in coin, carting it up to the bank late at night to escape attention. After its first suspension, as it was not generally known that it redeemed any portion of its circulation, we made considerable sums by purchasing the five-dollar notes in the different markets of the country and collecting the gold and silver for them at the bank, the premium at that time rising to above twenty per cent."

One who often saw the young clerk at his post during this period has written out his recollections of the financier in the rôle of a "wild cat" money changer. He says:

To the writer as a boy, Jay Cooke was a revelation. Never before had he seen one so deft in the business of handling money, nor yet since, and he has seen, through life, almost countless counters of money. Jay Cooke surpassed them all. With lightning rapidity, the notes passed through his delicate fingers. There was nothing mechanical about it. There was no hesitancy, no pause, apparently, no thought, or mental effort. It was as a

smoothly flowing stream of noiseless water, so equally and uninterruptedly did the operation of counting go on. There was no counting over; one count was sufficient; and it was all so easily and gracefully done. There was no fluster, no perturbation, no thought apparently of a mistake being possible. As he counted he could talk also. He both asked and answered questions, briefly of course, but the like I had never seen and it astonished me. I have never seen it since as Jay Cooke did it. It was the airiness of his manner, coupled with his bright young gracefulness and self-containedness, that claimed and riveted my youthful attention.

As I write I see him in imagination as I saw him then in his young manly beauty. Cooke, as I recall him at that time, was tall, slender, light-haired, blue-eyed, fair-complexioned, and of radiant countenance. I know not with what word I can better describe the smile of the mouth and the eye, the ever present winsome and intelligent expression resting upon that unusual face, which always met you silently but always so pleasantly. Brightness and cheerfulness characterized his whole personality. Every movement, every step, every motion of hand and arm, was a bright one.

It is one thing to count new crisp notes; it is another to count dirty ragged "wild cat" money-notes, old and not pleasant to handle or look upon. Such was the money the writer saw Jay Cooke receive and count at the broker's counter. There were two counts to each individual — the miserable money handed in and the better money handed out. With equal facility, however, the great financier that was to be, passed the two through his deft fingers. Dirt, raggedness, forlornity seemed not to delay manipulation or clog mental activity. All was fish that came to Cooke's counter. The scalier the fish, or notes, the less valuable of course, the difference in value being shown by the percentage charged for exchange of good for bad money. The banks would not take "wild cat" on deposit. Merchants who were in receipt of that kind of currency in payment of their bills, were therefore obliged to sell them over the brokers' counters in order to make their bank deposits. For hours before the banks

closed their doors, a long row of hurrying boys and young men, with those older in years also, were ranged before the counters of the principal brokers with their varying piles of depreciated money. Those who were late were very hurried. Anxiety was depicted on the countenance of each individual lest he might have the bank doors shut in his face and his deposits for that day would fail. But this anxiety on the part of the "lates" did not disturb young Jay Cooke. Nothing ever seemed to disturb his equanimity. He received, he counted, he handed back, with easy cheerfulness and serenity. If any failed to get their deposits in, it was no fault of Jay Cooke. His work was done both accurately and expeditiously. Cooke as he stood exchanging "wild cat" for "par" was the personification of affability and business rapidity. He was the admiration of the patrons of E. W. Clark and Company.¹

A prominent Philadelphian of this day recalls the occasion upon which he went into the office of E. W. Clark and Company with some "wild cat" money. "Where is the counterfeit clerk?" Enoch W. Clark called out in Jay Cooke's absence from the place of duty, and thus brought him back to his post.

Mr. Cooke had many interesting memories of this crude period in the history of American finance. "In these early days," he writes in his Memoirs, "the banks of Philadelphia opened at nine o'clock in the morning and we had no half-holidays on Saturday, as at this time, and many fewer legal holidays; the Fourth of July, Christmas and New Year's Days were, I think, all the holidays that were legally observed. The brokers found it necessary to be at their offices at eight o'clock and remained there frequently until eight or nine at night. Immense quantities of uncurrent bank notes were to be handled, distributed, and mailed each day; the mass of

¹ N. D. S. in *Newtown Enterprise*.

availed themselves of it in making their investments. This arrangement failed at the first session and the bonds and scrip declined in value very rapidly; but at the next session of Congress the bill was passed and large sums were realized by those who were directly and indirectly interested in obtaining the legislation for final settlement." Mr. Cooke always believed that the Northern opposition in Congress to the addition of this large area of slave territory to the national domain was overcome through the selfish exertion in their own interest of the holders of the Texas debt certificates, many of whom were influential Northern men.

But the most picturesque figure of the time, among the number that Jay Cooke saw at E. W. Clark and Company's, was a great beef speculator from Virginia, J. B. Steemberger. "Nicholas Biddle, Cowperthwaite, Lardner, and the other high officials of the United States Bank," says the financier in his Memoirs, "were the victims of a numerous horde of borrowers, who seemed to be able to obtain from the bank all they asked for." Steemberger was attracted to the city by hope of large credits.

"His operations in the purchase of cattle in Virginia, Ohio, and other states," Mr. Cooke continues, "were vast, amounting, in fact, to an entire monopoly of the business of supplying beef to the eastern cities. He forced the price of beef up to thirty cents a pound when the consumers rebelled and by general consent ceased to purchase from him. Like all such attempts to monopolize, his was brought to ignominious failure, and as his losses must have been enormous, I presume the United States Bank, whence he obtained all his funds,

was a great loser. When he found it impossible to get cash advances from the bank, he would give it his note at four months with interest, and take from it in payment its twelve months' post notes in denominations of \$1,000, \$5,000 and \$10,000. Frequently he brought down, stored away in his tall beaver hat, from \$100,000 to \$200,000 of these post notes. We would cash them at from ten to twelve per cent. under their face value and marketed them generally in Boston through the old firm of Gilbert and Sons, realizing a profit on each transaction of three or four per cent. In addition to this, as he made most of his disbursements in the West, we would pay him in packages of Virginia, Ohio, and western Pennsylvania bank notes at par and upon these we would realize a very handsome profit. He was a man of magnificent appearance and very popular. Elegantly dressed at all times, he was well calculated by his plausible statements to gain any favor from the bank he might require to uphold his speculations. Steemberger disappeared after his financial crash and I did not hear of him for several years, when he came to light in California, shortly after the discovery of gold on the Pacific coast. Knowing the man's character, I immediately wrote my brother, Henry D. Cooke, of San Francisco, warning him against any transactions; but before my letter reached him, Steemberger had made his acquaintance and had involved him in some disastrous speculation."

When his success as a financier was well assured and his admission to partnership in the firm was in prospect, Jay Cooke met the young lady who three years later became his wife. He was just turning twenty-

one and was on his way to Sandusky for a short stay with his parents, stopping en route at Meadville, Pa., where his brother, Henry D. Cooke, was a student at Allegheny College. Professor R. T. P. Allen was the President of the institution. His sister, Dorothea Elizabeth Allen, was visiting him.

The Allen family was one of some distinction in the early history of Maryland. Four brothers emigrated to this country from Ireland: Rev. John Allen, who was educated at Trinity College, Dublin, was the rector of a parish in Wexford County, became a professor of mathematics in the University of Maryland, and edited a "Euclid" which was dedicated to his friend John Quincy Adams and published in Baltimore, his wife being Brasseya Allen (named so for her mother, who was a Miss Brass, of Wales) the author of a now very rare book of "Pastorals, Elegies, and Odes" exhibiting some metrical talent; Richard Nun, Ebenezer, and William.¹ Before leaving Ireland, Richard Nun Allen had married a sister of Brasseya Allen, Elizabeth Johnson, who was accompanied to America by another sister, Dorothea Johnson, and their niece, Sarah Hughes, at the time about sixteen years of age. Upon his wife's death, Richard Allen married her sister Dorothea and after she died, the niece, Sarah Hughes, by whom he had a number of children, among them, Robert

¹ Another brother, Robert, remained in Ireland, in County Wexford, where there are descendants in this line. The family is said to have come there with the Earl of Essex in the reign of Queen Elizabeth, one of its representatives being the Protestant Bishop of Fergus, about the year 1580. The Allen crest is the figure of a lion with the motto, "*Triumpho morte tam vita*" (I triumph in death as in life).—From correspondence with members of the Irish branch of the family and Hore's *History of the Town and County of Wexford*.



MRS. JAY COOKE
Soon after her marriage

T. P., Richard, Eben, William, and a daughter named for the first two wives, her great-aunts, Dorothea Elizabeth or Elizabeth Dorothea, who married Jay Cooke.

Miss Allen, when Mr. Cooke met her at Meadville, Pa., was but fifteen, although in appearance a girl of at least eighteen; and all the boys, his rivals, being kept in college, he made diligent use of his opportunities, as he explains in his Memoirs. They had many drives together behind a team of horses, exploring the beautiful country bordering Lake Erie. "I lost my heart the first day," says Mr. Cooke, "and the second day we were sworn friends and life-long lovers." After her return to Baltimore and his return to Philadelphia, no great distance separated them and the young banker frequently visited her at her home until in the spring of 1843 Miss Allen removed with her mother and brother to Lexington, Ky., where the latter was long to be identified with Transylvania University.

Richard Nun Allen had been a planter in Maryland and he owned slaves, so that it is not strange that his sons, Robert and Richard, especially as they found themselves in Kentucky, when the war broke out, joined the Confederate Army, and were engaged in doing what they could to neutralize the stupendous influence of their sister's husband, Jay Cooke, which was placed in the other side of the balance in the terrible conflict between the American states.

If communication were slow and expensive in that day, lovers wrote as industriously and as often as in this. Mr. Cooke complained that his letters were delayed upon the mountains. He wrote Miss Allen, Lizzie or Libby he usually called her, of the bachelor parties

which he and his friends gave in their apartments in Philadelphia. Once he noted: "I am writing this with a gold pen, my most valued Christmas and New Year's present. It is a massive case, both pencil and pen, richly chased and set with topaz. There is a scroll with my name upon it and engraved upon another part are the words, 'E. W. Clark and E. Dodge to Jay Cooke.' It is a flattering gift and I value it highly. I shall never use it except in writing to you. It shall be my Libby's pen."

"Scarcely a day passed without letters passing between us," Jay Cooke recalled, "and in those days this was, 'financially speaking,' a big thing, since postage for a single letter from Philadelphia to Lexington was twenty-five cents, and often my letters contained enclosures or extra pages of affectionate lucubrations, so that, since each separate sheet must pay postage, I sent letters costing fifty and seventy-five cents quite frequently."

Mr. Cooke did not again see the young lady he loved so deeply until August 10, 1844, when he went to Lexington to be married to her. His brother Henry had followed his preceptor, Colonel Allen, to Transylvania University and was about to graduate. Mr. Cooke tells of the wedding and the journey afterwards in his *Memoirs* as follows:

"We were married on the 21st of August, 1844, at Lexington, Ky., by the Rev. Dr. Bascom, and the next day started in a private carriage for Sandusky, via Blue Lick Springs and Maysville. A night or two before our wedding we were invited by Henry Clay and his wife to take tea at Ashland, which adjoined Colonel Allen's

place and spent a pleasant evening there. Mr. Clay was a great friend of my father's; they knew each other in Washington. Mr. Clay had also met Miss Allen in Washington and upon one occasion sent her a valentine.

"We again saw Mr. Clay when we reached Blue Lick Springs, where we were to spend the night. He came to our rooms at once and next morning escorted my wife to our carriage and kissed her in parting. Mr. Clay always kissed pretty girls. I forgot to mention that my brother Pitt had been married just two weeks before our wedding day and had with Mary Townsend, his beautiful young wife, come down all the way to Kentucky, with a roomy carriage and driver, to attend my wedding and my brother's graduation. We were now going to Sandusky, a very happy party—six of us, including the driver. In this delightful way we travelled leisurely, pulling up early each day at some country or village hotel and reaching Sandusky, a distance of about three hundred miles, in six days.¹ After a stay there of ten days, my wife and I turned our faces eastward, stopping frequently and reaching Philadelphia via Al-

¹ In 1843, Eleutheros Cooke had begun the erection of a new house on Columbus Avenue on the site now occupied by a hotel, the Sloane House. "Much marvel is expressed," he wrote Pitt, "why two of us on the wrong side of fifty should build so large and costly a palace when a cabin would be sufficient. I laugh and say to myself that the best lot in the city requires such a house and my object is to make a suitable place to entertain my glorious children when they and theirs shall bless me with their visits." "We are astounding the natives with its splendor," he continued. This house was finished in time to receive the wedding party on its arrival from Lexington in 1844. Some years ago it was taken down stone by stone and re-erected one mile out Columbus Avenue, being now the home of Eleutheros Cooke's granddaughter, Mrs. T. Morrison Sloane.

bany and New York. I was absent from business for six weeks. In Philadelphia we were met at the ferry at Walnut Street and taken to our beautiful suite of rooms adjoining Congress Hall and over our banking office. A door had been cut through, and for the first year we took our meals at the hotel."

While with the Clarks, Mr. Cooke had many financial experiences of very great responsibility and importance. As a member of the firm, his counsel and aid were sought and given in the various large operations in which the house played a leading part for a long period. E. W. Clark and Company attended to the financial organization of a number of the early railway systems of the United States such as the Pennsylvania, the Northern Central, the Philadelphia and Erie, and the Pittsburg, Fort Wayne, and Chicago Railroads. Mr. Cooke's brother-in-law, William G. Moorhead, who had been identified with the unfortunate packet line, was by this time president of the Philadelphia and Erie Railroad. During the administration of John Tucker and other presidents of the Philadelphia and Reading Railroad, the Clarks were the Philadelphia bankers of that company. The firm also sold \$500,000 worth of bonds for the Allegheny Bridge Company and large loans for the various transportation companies of the country were taken and the securities distributed to the public through its agency.

When the Mexican War broke out, Mr. Cooke says, Clarks was considered "the leading domestic exchange house" in the country and it was to have an important part in providing the money with which that war was successfully prosecuted. Jackson and his advisers, in



VALENTINES

Sent to Mrs. Jay Cooke by Henry Clay and John Quincy Adams

sweeping away the national bank, had temporarily replaced it with a number of pet state banks. This was followed by the sub-treasury system. The idea, so hateful to them, of a vast amount of government funds concentrated in one place at the disposal of a relatively few men for commercial purposes, was cast aside for the theory, that the Treasury itself with a number of branches, situated in scattered parts of the country, should hold the public money. In these depositories it should rest in idleness at the call of the government. Robert J. Walker, who had designed the sub-treasury system, was now Secretary of the Treasury and received many lessons in finance through his dealings with E. W. Clark and Company. Jay Cooke writes in his Memoirs:

“On the breaking out of the Mexican War, the government advertised for proposals for loans;—at first for only ten millions of dollars. When the bids were opened, the awards were made principally to Corcoran and Riggs of Washington and E. W. Clark and Company of Philadelphia. The Secretary’s advertisement stated that the money might be deposited in any of the sub-treasuries of the United States. Our firm had a branch office in St. Louis and we proceeded to sell exchange on Philadelphia and New York at a handsome premium, say two and a half or three per cent., and with interest dating from the hour of deposit in the St. Louis sub-treasury. The mails were sometimes from ten to fifteen days in transit, and in addition to this advantage in interest, we had a large profit in the premiums on exchange over and above the profit we made on the loan. Our friend, Robert J. Walker, was in some embarrassment. He did not want the money so far West and how

to transfer it to the East without violating the sub-treasury theory, puzzled him. Finally our firm and Corcoran and Riggs hit upon a plan which Walker adopted. I have many times drawn up a bond and got a certificate on the back of it from good old United States Judge Cadwalader, or the Collector of the Port, or the Director of the Mint, that E. W. Clark and Company were good for the amount named in the paper, mailing such certificate to our correspondents, Chubb and Schenck in Washington. By return of mail, I received a sub-treasury draft on St. Louis, New Orleans, Mobile, Charleston or some other point for from \$200,000 to \$500,000 at a time, the sole condition of the bond being that at a given date, generally four months, the sum should be deposited in the sub-treasury in New York or Philadelphia without charge to the government. Now, when it is considered that at certain seasons of the year sixty-day bills on Brown Brothers and Company, Pickersgill and Company, and a host of other first-class houses, given in payment for cotton, rice, and other Southern products, could be purchased in these Southern cities at three to four per cent. discount and were promptly disposed of at six to eight per cent. per annum interest, and that only a few days were required to get the returns and possess ourselves of these vast sums, not required for months to come, any one can see what a friend Robert J. Walker was to Corcoran and Riggs and E. W. Clark and Company. We at times netted, by using the money safely at twelve to fifteen per cent. per annum, five to seven per cent. on each transaction.

“A little later the government called for several millions more, but Mr. Walker inserted a special proviso

that the money must be deposited in the sub-treasury nearest the home of the bidder and I have no doubt Robert J. remarked to himself, 'Now that will fix those smart fellows at E. W. Clark and Company's.' But lo, when the bids were opened, our share was allotted to E. W. Clark and Brothers of St. Louis, Mo. Walker could not get out of it, of course, and so we victimized him again. After this he abandoned the universal scheme of the sub-treasury and deliberately legislated against the South and West by requiring all monies to be deposited in New York, Philadelphia, Boston, Baltimore, and Washington."

Mr. Cooke used often effectively to contrast the Mexican and Civil Wars on their financial sides, and show how trivial was the undertaking in the forties as compared with the work of the sixties. In the first war only about fifty millions of dollars were borrowed, while the loans reached a total of more than 2,500 millions in the Civil War.

In the summer of 1856, Mr. Clark died, after a protracted stay in Europe, when he wrote frequently to Mr. Cooke, who was left in charge of the Philadelphia house. He described to his young partner the Bank of England, which he said was in a building "old, dingy, smoky, and hardly worth looking at" and gave him descriptions of many foreign objects and places. These were difficult years for American brokers and bankers and called for much wisdom and care. "I see you are having rugged times at home," Mr. Clark wrote in 1854. "I am not disappointed and do not look for much relief at present. I hope you are acting on the safe principle. Keep snug and do not try to do a large business. You

can make money enough by being moderate and carrying easy sail." But Boston and St. Louis were a drain upon New York, which in its turn called upon Philadelphia. Mr. Cooke was obliged frequently to aid the New York office, where Luther Clark and Edward Dodge were in charge.

It was during this flurry, in Enoch Clark's absence, that Jay Cooke endeavored to play the rôle of a peacemaker between the brothers, Enoch and Joseph W. Clark of Boston. Mr. Cooke was only thirty-three and the other men were the heads of their firms and very much his seniors. But he was not deterred by these considerations and he wrote to Joseph W. Clark this letter, so eloquently testifying to the generous spirit of the man, which never deserted him for a day until the end of his life:

July 14, 1854.

Dear J. W. :

I was much gratified at the receipt of your kind letter and Ned and Clarence, who have been equally with myself anxious to do all we could at the present emergency, have also felt sincere pleasure in reading it. We can all truly say that we never have thought of the Boston office in any other light than as entirely identified with ourselves and although the "boys" are not personally interested in either the New York or Boston offices, yet I have found them in this emergency, gladly drawing in and concentrating our funds for the purpose of joining forces with the other offices to meet the fury of the storm. As Luther will tell you I at once stated to him that we would all stand or fall together, and that the Boston office should have all it could possibly stand in need of. I felt no fears of the result and think now, as I then told him, that we would all stand higher than ever before and that in a short time we would have more money offered than we could use. We were ready to send our half a million if

needed; we had over \$400,000 of it on hand and maturing within 3 or 4 days and we shall keep ourselves in this position, and get stronger besides. We use our money at $1\frac{1}{2}$ to 3 per cent. per month from day to day and frequently it pays $\frac{1}{8}$ to $\frac{1}{4}$ a day. We have done a noble business since 1st of January; profits up to 1st July \$135,000. This storm has not resulted in any direct loss — but some of our big customers we have to let off and extend for and help out, or else break them and kill the goose that lays the golden egg. We have about 400,000 in this shape, all abundantly secured, we think, and paying good interest, and then about 400,000 cash funds and 200,000, or thereabouts, in paper and short loans, besides lots of bank stocks, Morris Canal pref'd., and bonds and other investments. Our bills payable and demand loans are lower than usual and but little of it at all likely to be called in; and if it is called in, we have such securities as Philadelphia City 6s, pledged with the parties upon which we can get loans readily elsewhere.

We must all feel grateful that we have escaped in this terrific storm; it has been the hardest I have ever known and I have felt very anxious and have an unusual strain on my mind. But I have never for one moment dreamed that dishonor could come to us. We must all snug up, work out of debt and then our minds will be relieved of a vast burden. We can all make money as fast as it is good for us by a regular legitimate business; in fact, I for one don't care to be worth more than I now am, although I think it would be folly to leave business, and especially such a business as ours, and where all is so pleasant.

One thing, dear J. W., you must allow me to speak about and it has been on my mind to write you about it for a long time, and it is the difference between you and E. W. I think it absolutely wicked and sinful in the highest degree that two noble brothers, such as the world knows you both to be, should be separated through some vague and imaginary difficulty. I am convinced that there is no real cause for the present coldness between you, and I know that E. W. loves you now as tenderly as a brother can love. Time and again I have seen the tears start to his eyes when speaking of you, and I know that if you will only exercise the

Christian's blessed privilege to forget and forgive, and will extend to him your hand, he will gladly say, "Let all the past be forgotten; we are brothers once more; bless God that another sun does not go down upon our wrath." Now dear J. W., you will be doing a double good in yielding to what I know your heart even now prompts you to, for you will give me the blessed privilege of being a "peacemaker." Think of this and let me hear from you in return.

I know that your brother does not feel anything but love for you, and during the present crisis would have pledged his last dollar to save you from trouble or danger if it had been necessary, and I knew I was doing his will and wish when I told Luther we were all one and indivisible.

Good night! May God grant that what I fervently pray for in this matter may come to pass.

Truly your friend,

JAY COOKE.

At Enoch Clark's death, he was reckoned one of the wealthy men of the city, although for the first years in Philadelphia, or until 1844, his gains, it is said, were largely consumed in discharging his old debts. No small part of his fortune was amassed through the acumen of his trusted associate and partner, Jay Cooke, who, with the widow and the eldest son, Edward W. Clark, became an executor of the large estate.

The most serious difficulties which he had yet experienced came to Jay Cooke after Mr. Clark's death through the misunderstandings that arose among the various houses. He was the moderator to whom all seemed to appeal and as the active executor, was the guardian of the fortune of Mrs. Clark, Edward and Clarence and their six younger brothers and sisters, as well as of his own interests. When Mr. Dodge wrote from New York, it was to "Dear Jay, Ned, and Clary."

The adjustment of his personal and the estate's affairs was a great task, especially as the panic of 1857 came to derange all calculations in the business world. Old establishments which had withstood the storm of 1837, were swept away twenty years later. It was remarked that no one seemed to care who failed and sympathy and assistance were not to be had upon any side. "Money is not tight, it is not to be had at all. No money, no confidence and no value to anything," Edward W. Clark wrote to Jay Cooke from New York in 1857. "Philadelphia," he continued, "is the only reliance. We cannot take care of New York, St. Louis, and Boston in such times as these." The crash came in a few days; it was inevitable. Mr. Cooke, who had been contemplating retirement from the firm ever since Mr. Clark's death, was now involved in difficulties from which he could not for some time extricate himself. He was urged by his brother Pitt to "take things quietly and get out of the vortex." His father wrote with parental anxiety on October 2, 1857:

It has all along seemed to me utterly impossible for your house, in all its branches, extended as I have known it to be on securities constantly diminishing in value and on which no money could be raised, to sustain itself amidst the almost universal crash of banks and financial and commercial houses. . . . Our sympathies and our prayers are with you and your associates in this great struggle and should you come out of it uncrushed, we shall be compelled to ascribe it to an instrumentality more powerful than that of any human arm. . . . Fight the battle out bravely, and if all goes by the board come home with your precious household, and I will give you a house and farm and fowling piece and fishing apparatus and wherewithal to live easier and happier than ever. I have enough beyond the reach of commercial revulsions and financial explosions, with proper pru-

dence, to make half a dozen such families as yours each happier than they can be anywhere else on earth. . . . Come home then if the storm strikes you, to the hallowed scenes of your birth and boyhood. We feel deeply for you in this trying hour, as well as for those truly estimable young gentlemen, Edward and Clarence, with whom you are immediately associated. Would to Heaven I could pay to them the debt of gratitude I owe to their father for his great kindness to you while he lived. He was an honor to his profession and his sons are an honor to the memory of such a father. . . . And now, my dear Jay, how shall I express to you the depth of my burning solicitude for one so unspeakably precious as you have made yourself to me and mine. I have long regarded you as a gem, above all price, and in this affliction you are dearer to me than ever. If all your hopes of a competency are crushed by this event and you are left penniless, I am ready to divide all I have with you at once. While I have a farthing left, neither you nor your noble wife and children will want for anything. Adversity only heightens my undying love for you. You have earned a reputation for business capacity, for sterling integrity, and noble benevolence of more value than millions of gold without it. This will remain brightening amid ruins though all else should perish around you.

On October 3, 1857, Pitt Cooke wrote from Sandusky:

I cannot help writing you though I well know that I can say nothing that will tend to cheer you, except that the truest and most heartfelt sympathy is felt by all your good old Sandusky friends. The telegraph to-day announced to us the simultaneous suspension of all the houses of E. W. C. and Co. The bolt at last has fallen that for weeks impended over you. The sun that for nineteen years has daily and hourly gilded the eastern horizon to me amidst all my reverses during that period has been partially eclipsed. But there are energy and talent and integrity still left and they are worth more than mere accumulated profits. Father, who has seen every vicissitude of life, and experienced all shades of reverse and prosperity, re-

grets, but says now all his boys have tasted the bitter cup of reverse, and he remarked to me, "Jay don't feel half so bad about it himself as we do because he feels different about such things, dear boy."

As his father had anticipated, Jay Cooke was calm throughout the excitement, facing this crisis as all others with an absolutely unruffled temper. "What I call reverses you do not," wrote Pitt Cooke about this time and it was true. There were in fact no such words as reverse, failure, or defeat in Jay Cooke's lexicon and he never knew their meaning so long as he lived. The blow was heavy, but it seems to have spent itself largely upon the New York and Boston houses. The Philadelphia house did not suspend, as it was assumed that it must. The various businesses conducted under the Clark name were reorganized, the Philadelphia office by the two sons, Edward and Clarence, acting as Edward W. Clark and Company. Jay Cooke withdrew and busied himself in protecting the interests of the estate ✓ and in adjusting his own affairs. Securities regained their value as they do after even the worst of panics and, upon receiving his dividends, he found himself, as he writes in his Memoirs, still in possession of "a fair fortune." He was now a man of comparative leisure, who may have thought, perhaps, that his most useful days lay behind him; but of this illusion he was speedily to be disabused.

CHAPTER III

PREPARATION AND REST

Upon Mr. Cooke's retirement from the firm of E. W. Clark and Company, or rather his decision not to accept the invitation of Edward W. and Clarence H. Clark to become a partner with them in the reorganization of their business in 1858, there was a thought that he might return to Ohio and take his place in the family circle in Sandusky. His parents were growing older and the passing years had left them feeble and with a less courageous outlook upon life. On February 22, 1858, Eleutheros Cooke wrote his son Jay:

I know not whether I shall be able to complete this short letter. . . . The truth is, and I may as well not attempt to disguise it, that I am getting old. At first it seems difficult to realize it. But when I reflect that I was born only four years after the conclusion of the War of the Revolution; that I was for a long time intimately acquainted with many who took an active part in that struggle, then in the vigor of life, the truth at once flashes upon my mind that I belong to the antiquity of the present generation, and that therefore I should soon be laid aside as useless lumber. Other events also rise up and proclaim the same sad truth. Forty-six years ago to-day I acquired the distinction of being selected by the Washington Benevolent Society of three large counties to deliver the annual birthday oration at Cazenovia before assembled thousands. Other memorials, such as yourself and Pitt and H. D. and Sakey [Mrs. Moorhead] and their several descendants, attest the same truth,

so that it is vain to deny that I am really an almost worn-out piece of machinery belonging to a long past age.

On July 9, 1859, he again wrote to his son Jay that he was "looking anxiously forward for September," when he should be made happy by a visit. "I am taking as good care as I can with my health," said he, "so as to hold on to life till then."

For several years, Pitt Cooke, although he had studied law, had been employed in real estate dealings. Jay Cooke and his partners in the various Clark firms, together with William G. Moorhead, commissioned him to go to Iowa, Minnesota, Nebraska, and other regions, where tracts were being opened up to settlement by the government, and he frequently wrote long letters to his brother Jay out of an obviously warm and affectionate heart, transmitting the family news and describing his business operations. ✓

Henry D. Cooke had also studied law, but, like Pitt, was not destined to practice his father's profession. William G. Moorhead had so far recovered from his misfortunes in connection with the packet company as to obtain from his Democratic political friends a lucrative post as consul and naval agent at Valparaiso and Henry Cooke accompanied him to Chile, the two men engaging in trade on the Pacific coast at a time when the gold mining excitement in California made business there active and profitable. A fire in San Francisco, where Henry Cooke had settled, and other disorders, swept away all his hopes and prospects and burdened him with debts which fettered him in later years. Upon his return home, Jay Cooke was the kindest of brothers. Henry did not like the law, for which he

had first prepared himself, and the ministry was suggested, but his facility with the pen soon led to his entering journalism. He had written letters to Joseph R. Chandler's *United States Gazette and North American* of Philadelphia while in South America, and now found employment with the *Sandusky Register*. On June 15, 1852, Jay Cooke wrote his brother :

I am truly rejoiced that you have a permanent position congenial to your habits and tastes. It is just the thing and I feel as glad about it as if I had received news of a fortune from some old ancestor over in the north of Ireland. You will now have an opportunity equal perhaps to that of the minister of disseminating pure thoughts and truths and I trust will never — no matter what may be the temptation — allow your pen to deviate from the strict path or to indite even the semblance of untruth or equivocation, or to endorse it by copying the articles of others who are not so strict. . . . It is really a first-rate paper and when you get it improved in appearance it will be as good or better than our papers. You should aim at short articles, avoiding all flourish. Leave out the ancients and carefully avoid the slang words of the day. Joseph R. Chandler was a splendid writer. It seemed that he constantly improved. Thus far I have no fault to find in respect to your style, and I doubt not your own good sense will keep you free from imperfections and that you will soon take a high rank amongst editors.

Through Jay Cooke's help, Henry became the sole editor and proprietor of the *Register* by the purchase of a partner's interest in September, 1856. He mingled his editorial duties with an interest in politics, being a presidential elector on the Frémont ticket in 1856, and to obtain a larger field, removed to the state capital, Columbus, where he became the leading proprietor of the *Ohio State Journal*. While this newspaper exerted

a very considerable political influence and brought the editor into desirable relations with such men as Salmon P. Chase, then the Governor of the state; John Sherman, and other Republican leaders, it was incredibly unsuccessful from a financial point of view. His father, Jay, and his brother-in-law, William G. Moorhead, who gave him the use of a house in Columbus free of cost, were again called to his aid, but the *Journal* was still unprofitable. "It is universally pronounced the best political paper in the state," Eleutheros Cooke wrote to Jay Cooke in February, 1859. "He [Henry] works hard, too hard, having lost some sixteen pounds in weight since he went to Columbus. He is a mere skeleton, but he is almost worshipped and deified by the leading men of Columbus and the state. The business there as yet yields nothing. . . . Lollie [his wife] says that for two weeks past he has not had one cent in his pocket. Poor fellow! His severe labors and his sterling merits and shining talents deserve a better fate and I pity him from my soul."

Jay Cooke, like his brother, was now pretty well disgusted with journalism. He wrote: "I see daily in Philadelphia the whole editorial corps, a needy, half-starved, improvident set, always short, no credit, out at elbows, broken down in almost every particular. All except Swain and McMichael are beggars."

Among those who came to Henry D. Cooke for employment on the *State Journal* was a young man, born in the neighborhood, whose name was then unknown either in journalism or letters, William Dean Howells. He was engaged for the staff and the editor was quite proud of his young assistant. "I send herewith this

morning's *Journal*, containing the war article I wrote (and read you) Saturday," Henry told Jay Cooke in a letter from Columbus on Christmas Day, 1860; "also a witty and beautiful Christmas article from the pen of my literary editor, my Dr. McKenzie (who I think beats Forney's Dr.)."¹

Henry D. Cooke, at a conference with Governor Chase, Governor Dennison, Treasurer Stone, and other state leaders of the Republican party in 1859, made the raising of more capital the condition of his continuance at his post; and for his support of Sherman in the session of 1859 and 1860 in the notable contest for the speakership in which Pennington, the Know Nothing candidate, won, after the Ohio man as the result of a deal had withdrawn in his favor, gained an important government contract. Sherman, in return for his civility, was made chairman of the Committee on Ways and Means, and was allowed to appoint the Committee on Printing, and there came to Henry Cooke then a commission to do the public binding, thought at the time to be worth some \$25,000. The editor, in spite of his valuable victory,—he afterward sold his contract for a handsome sum,—was compelled to ask Jay Cooke for a loan in order to pay his bills in Washington and make his way home, the proprietors of the paper, upon the outbreak of the Civil War, which soon ensued, losing the \$18,000 or \$20,000 which they had invested in the property.

¹ The literary editor of the *Philadelphia Press*, which was edited at this time by John W. Forney, was Dr. R. Shelton McKenzie, an Irishman who came to Philadelphia in 1857. He possessed much quaint knowledge in regard to literary affairs and gave his department an extended reputation.

Thus Jay Cooke was not without responsibilities as a son and a brother, as well as the head of his own growing family in Philadelphia, and a charitable citizen upon whom demands from many sources were daily made and daily met with remarkable cheerfulness. Pitt Cooke therefore wrote rather feelingly when the dissolution of the Clark partnership and Jay's removal to Sandusky was suggested: "I would not like you to have to give up a high position in the active commercial world, earned by years of hard toil, wherein you are able to distribute from your abundant earnings to those who have but little and need much. All these things should be considered by you, dear brother. Would not the monotonous life you would lead here soon tire after the activity of your former life? Would you be able to indulge the free and generous promptings of your heart as you have done from the necessarily small means at your command compared with what you have heretofore had?"

Possibly Jay Cooke never seriously contemplated a return to Sandusky as a permanent place of residence. Mrs. Cooke seems not to have favored his leaving Philadelphia, and his private investments of old standing and engagements newly entered into, were soon again fully occupying his attention. He retained a desk at Clarks and frequently visited the office, his advice being sought by the two young bankers, whose career from boyhood he had watched with so much interest. In their father's firm, said he, writing in 1893, they "at once proved themselves most valuable, and revealed the very highest talent for the banking business. I had the great pleasure of associating with these noble young

men for many years and when I voluntarily retired from the firm and after the death of their father, a few months earlier, they assumed the leadership and have ever since conducted business of vast proportions most successfully and honorably."

They were still engaged in several "joint account" negotiations, but Jay Cooke in 1858 entered upon a period of comparative rest and quiet. "Now that you have the leisure, you can run around over God's beautiful earth as much as you please," wrote Pitt Cooke, "and you have a heart to enjoy its beauty." But barring some hunting trips and fishing excursions at his old home on Lake Erie and elsewhere, it seems that Jay Cooke did not go very far afield, except as travel forwarded his financial interests. One of the unpleasant and burdensome inheritances of his connection with the Clark houses was a considerable block of the securities of the Vermont Central Railway, which extended from Windsor upon the Connecticut River to Burlington on Lake Champlain, a distance of 117 miles. There it joined the affiliated Vermont and Canada road, which ran 47 miles up to Rouse's Point at the head of the lake, where it connected with Canadian lines.¹

Mr. Cooke and E. W. Clark and Company together

¹"In the days prior to 1857," says Jay Cooke, Jr., in explaining this investment, "it was not the manner, as it is now in many large banking houses, to provide meals for the clerks and principals; so that Jay Cooke with the Clarks, A. J. Drexel, and possibly one or two others, organized a little dining club, and to pay the expenses incident to it, took flyers in the market with considerable success. In the course of their operations, they became possessed of a large interest in the Vermont Central, which was being managed by its officers in a way not conducive to the stockholders' interests. When Mr. Cooke left the firm, this dining club asset was one of the things which he took with him, having bought out the shares of some of the other members of the club."



CLARENCE H. CLARK



EDWARD W. CLARK

had some \$50,000 invested in this road, and he also represented R. D. Cullen, at that time President of the Philadelphia and Reading Railway, Henry Beckett, Joseph Swift, George H. Thompson, and other large stock and bondholders. After the great decline in the value of its securities in 1856, J. G. Camp and E. T. H. Gibson were employed by the "Philadelphia party" to open an office in Boston to protect their interests in the property. Mr. Cooke, with his characteristic vigor, began a crusade upon the management, personally visited and inspected the road, conferred with New England and Canadian stockholders, and held public meetings in Boston and other eastern cities. Of subsequent proceedings he wrote in June, 1859: "We were all in a bad scrape. The property had cost three times as much as it was worth; it was being ruined by bad management and litigation, and by those who should have been truthful and honest in administering its affairs. The trustees, with their herds of lawyers, had possession and all the earnings were absorbed in expensive car contracts and other expenditures entirely unnecessary and, as we fear, only made in reference to individual interest or if not so, to say the least, with very bad judgment." A scheme of reorganization was proposed. "It failed," Jay Cooke continues, "because our own agents, the trustees, were traitors and went to the legislature and defeated the bill which was there pending, and which it was necessary for us to have in order to arrange the new order of events. I am told by those who say they know it to be a fact that thousands of dollars of money belonging to the Vermont Central trustees, was expended by them in defeating our bill. Is this not mon-

strous?" Mr. Cooke wished honest men "to come together and get rid of the rascally lawyers, trustees, etc., turn the whole party out, and put in practical and honest men."

A Boston newspaper, commenting upon the situation, said humorously: "It is a matter of history that the Middlesex Canal made its last dividend when the directors in 'solemn squadron' mowed the tow path and divided the hay. That was in the day of snaths and rifles, and the expense of labor was too great to justify the continuance of the practice. The canal might yet have been a lucrative investment if the directors had employed mowing machines turned out by the Vermont Central trustees, who by their recent account, show the ability of those enterprising managers to put together these machines at one of their railroad machine shops at an average cost of $37\frac{1}{2}$ cents each." The last report rendered by the receivers contained a credit of \$75, which they said came from a man named Smith, a near relative of one of the trustees, for constructing two hundred mowing machines at a company shop.

Other efforts to rout the "vampires" failing, Mr. Cooke at last bought large quantities of the road's securities in the Boston market, where several brokers were commissioned quietly to take in for his account all the second mortgage bonds offered at \$2 or less and was about to obtain control of the property by foreclosure proceedings or compel his enemies to buy his holdings at his own price, when the war drew him in another direction and his bold project was not realized. The Vermont Central litigation continued for several years. It was not yet ended on April 1, 1862, when Mr. Cooke

wrote hastily to J. M. Pinkerton of Boston, the attorney for his party, explaining the diminution of his interest in the undertaking: "I am very busy working for Uncle Sam and can't write much. You kill off those Vermont rebels and I will help kill the Southern Rebellion. Your course is heartily approved by Judge Hepburn and myself."

Mr. Cooke writes briefly of these years in his Memoirs:

"During 1858, 1859, and 1860, I had what is called a 'free foot' and during this period I was enabled, being rid of the cares of a daily business, to place my health on a strong foundation. I hunted and fished and camped out, but amidst all these recreations, engaged in some vast and profitable enterprises, such as the rebuilding of the Franklin Railroad in Pennsylvania, the furnishing to my friend Mr. Tinsley Jeter of Bethlehem, Pa., the means to build two short roads in that region, etc.; but the great work accomplished in this period was the purchase from the state of Pennsylvania and the reorganization of a portion of its canal system. The main line was purchased by the Pennsylvania Railroad Company, but all the others of moment, such as the Delaware Division, the Wyoming Division, and the West Branch Division, were remodelled under the leadership of Charles Henry Fisher, a leading capitalist of Philadelphia, and by myself and my friends. We reorganized most of these companies, issued stocks and bonds, paid the state the price agreed upon, and then retired with good round profits. I was made president temporarily of the Delaware Division Canal Company, but at the end of six months retired, and Mr. J. B. Moorhead [a brother

of William G. and General J. Kennedy Moorhead] succeeded me. He was much more experienced than I in such matters and I was glad to resign."

The Franklin Railroad was the old abandoned Chambersburg, Greencastle, and Hagerstown Railroad running from Chambersburg, Pa., to Hagerstown, Md. It was laid with strap rails and was purchased from the states of Pennsylvania and Maryland in 1858, by Andrew J. Jones and James J. Dull, who designed making it a connecting link between the Philadelphia and Reading and the Baltimore and Ohio lines, thus attracting much southwestern trade to Philadelphia. Jones and Dull agreed to make over to Jay Cooke and E. W. Clark and Company a large amount of the capital stock, in consideration of their sale of \$200,000 worth of the road's seven per cent. bonds. So well did Mr. Cooke manage this operation, that he was heard to say in later years, that it was one of the few roads in his experience of which it was known in the beginning just what it would cost when completed. This transaction was of the type of a number in connection with the reorganization of the old state works mentioned in Mr. Cooke's Memoirs, and led to pleasant relations with several country bankers, such as G. R. Messersmith of the Chambersburg Bank and J. W. Weir of the Harrisburg Bank, with whom he conducted many negotiations.

His success as a promoting financier brought him offers from those who had enterprises for which capital was desired in every part of the country. All had tempting schemes for the making of large fortunes quickly. "I know of no one so efficient in getting up parties for such purposes as you are," General J. K.

Moorhead wrote to Mr. Cooke, when he asked aid in 1860 for the Chartiers Valley Railroad, and this was coming to be the view generally entertained by those who had had any experience of the spirited manner in which he conducted large financial operations. ✓

Mr. Cooke's brother-in-law, William G. Moorhead, who had now come to be a successful and wealthy railway financier, was travelling in Switzerland in 1856 when news reached him of the death of Enoch W. Clark. ✓
He wrote Jay Cooke:

You say nothing of your plans for the future. I hope you will not allow the opportunities which your position as the head of the present house gives, to pass without availing of them; in other words, I trust you will not for a moment entertain the idea of leaving Philadelphia for five years or more to come. You can do almost anything there — elsewhere it would be like beginning life again. . . . I love good old Philadelphia and hope to spend my days there and in the neighborhood after returning. As to business, I wish something that will not be too confining and will not involve too much risque. I will not jeopardize what I have in the foolish effort to make more. If you and I can go into something in a quiet way, I am quite ready, for neither of us could live happily without being in business. . . . I feel the same interest in and for you that I do for myself and much more than for any one else. . . . If you determine to close the present connection and discontinue it, I would be quite willing to avail myself of your skill, position, and knowledge by joining you in what might be an agreeable business. Of this you will write me and I will in the meantime jog on my winding way through this old world, contributing so far as possible to make happy those committed to my charge.

This suggestion, as we have seen, was without result immediately, but it fructified during 1860, and by the first of January, 1861, Mr. Cooke and Mr. Moorhead ✓

✓ were ready to organize the famous banking firm of Jay Cooke and Company. "Then," says Mr. Cooke in his Memoirs, "having enjoyed three years of comparative rest, I concluded to re-enter the banking business, not with any thought, however, of the vastness of the work before me, but at the suggestion of my brother-in-law, William G. Moorhead, whose son [William E. C. Moorhead] and my own son [Jay Cooke, Jr.] were rapidly reaching an age when some business plans must be made for them, and we thought to bring them up as bankers. I opened the new office as Jay Cooke and Company at ✓ 114 South Third Street, Mr. Moorhead being my partner, I having two-thirds and he a one-third interest. It was not expected that he who knew nothing of the business should give any time to it, and he in fact never did occupy any of his time in that office from 1861 to its close in September, 1873. Mr. Moorhead was the President of the Philadelphia and Erie Railroad and was busy developing that enterprise and many other railroad projects; but I had the benefit of the large business which from time to time flowed into the firm through his position, as well as the benefit of his capital added to my own."¹

✓ It was a dark hour in which to organize a new business, and especially a banking business. The money markets were naturally in a state of great unsettlement. Lincoln had been elected but was not yet inaugurated; Southern threats became louder and more insistent, and one state, the leader in disunion (South Carolina), had already seceded and renounced the federal bond. That

¹ In 1873, Jay Cooke stated that his fortune when he formed the firm of Jay Cooke and Co. was about \$150,000.

the firm would become the government's fiscal agent, or that the government indeed would need to establish such an agency, was not foreseen by Mr. Cooke, although one event followed another with electrical rapidity and led the states inevitably into their war. The time for raising money for railroads was swiftly drawing to a close; at any rate, until after the great sectional issue was decided. "The people here want to hear nothing now but the drum and fife," one of Mr. Cooke's correspondents wrote him from Boston; "to see nothing but troops on the march with cold steel at their sides and to talk of nothing but fight."

When the firm was organized, its head was still but little more than thirty-nine years of age. "I have often reflected," said Jay Cooke, alluding to his season of waiting from 1858 to 1861, "that this preparation of rest and of disentanglement from all business providentially fitted me to carry cheerfully, energetically, as well as faithfully and trustingly, the most enormous financial burdens I verily believe that were ever placed on the shoulders of any one man."

Mr. Cooke's introduction to the country as a public financier was promptly and sweepingly effected through his sale, early in 1861, of the Pennsylvania State Loan of \$3,000,000. The credit of the state at this time was at a low ebb, and naturally so when it is known that the debt was upwards of \$40,000,000, contracted in time of peace through extravagant expenditures for useless objects. She had suffered the greatest difficulties in the payment of her interest, and repudiation had been dishonestly suggested and advocated.¹ Sydney Smith's

¹ See McClure's *Old Time Notes of Pennsylvania*, Vol. 1, p. 57.

tirades ¹ drew public attention to her unfortunate financial condition, and there was much reasonable doubt when the war impended whether another loan could be placed, unless the bonds were offered at a ruinous discount. Pennsylvania's "war governor" was Andrew G. Curtin of Centre County. His record Mr. Cooke believed was "unexcelled by that of any of the governors of the states and was scarcely equalled by that of Governor Morton of Indiana." On May 15, 1861, the legislature of Pennsylvania hastily passed an act calling out 10,000 men as a reserve force to defend the state's borders, if the emergency arose, and authorized the sale of \$3,000,000 worth of bonds bearing interest at six per cent. From this point Mr. Cooke tells the story in his Memoirs:

"In this act, it was provided that the loan must not be sold under par. Just before the adjournment of the legislature, this restriction became known to our prominent bank presidents and private bankers who, after conferring together, sent a despatch to Governor Curtin

¹ He said in his caustic *Letters on American Debts*:—"I never meet a Pennsylvanian without feeling a disposition to seize and divide him; to allot his beaver to one sufferer and his coat to another; to appropriate his pocket handkerchief to the orphan and to comfort the widow with his silver watch. How such a man can set himself down at an English table without feeling that he owes two or three pounds to every man in company, I am at a loss to conceive; he has no more right to eat with honest men than a leper has to eat with clean men. . . . In the whole habitable globe, they cannot borrow a guinea and they cannot draw the sword because they have not money to buy it. . . . We all know that the Americans can fight. Nobody doubts their courage. I see now in my mind's eye a whole army on the plains of Pennsylvania in battle array, immense corps of insolvent light infantry, regiments of heavy horse debtors, battalions of repudiators, brigades of bankrupts with *Vivre sans payer ou mourir* on their banners and *ere alieno* on their trumpets," etc., etc.

and to State Treasurer Henry D. Moore, to the effect that if the state required the bonds to be sold at not less than par, the loan would fail, as no one wanted them at such a price. They declared that the law must be amended, permitting bids at such prices as would command the money, even as low as 75 or 80 cents on the dollar. Unless this were done, said they, no money could be obtained. Mr. Moore knew my views and that I had desired the limit to be placed at par, because I believed that I could sell the loan on patriotic principles more easily than on a basis of profit and loss. However, the Governor and State Treasurer prepared an amendment to meet the wishes of the bankers, and permitting the sale of the bonds at the best obtainable price. This amendment was hurriedly passed that night and the legislature adjourned. The bill as amended was brought to me the next day by the State Treasurer. I expressed my chagrin that my plans had not been held to, but told Mr. Moore that I would take the bill out home with me and would see him in the morning. On reading the amendment, I discovered that it did not accomplish the purpose of its authors and, upon explaining my views to Mr. Moore, we concluded to go to Fourth Street and see the Attorney-General of the state, Hon. William M. Meredith. He had just returned from Harrisburg to his office and patiently heard my argument. ✓

“You wish this amendment abrogated and the sale restricted to not less than par, do you?” said Mr. Meredith.

“I do,” said I, “and I hope you will give me an opinion that will set aside this amendment and give me a

chance to sell this \$3,000,000 loan at par, as I surely can and will.'

" 'Well,' said he, 'come around in the morning and I will see about it.'

"Mr. Moore and I returned to the office next morning and received from Mr. Meredith an opinion fully confirming my position, saying that if the loan were sold under par it would be illegally sold, etc."

The decision was much to Mr. Cooke's liking and on May 28, 1861, Governor Curtin addressed the following letter jointly to Jay Cooke and Company and the much older house of Drexel and Company, which was to be associated in the work in hand, although its participation in the service did not assume a very active form:

Messrs. Drexel & Co., and Jay Cook & Co., Philadelphia.

Gentlemen:— Feeling the importance and necessity for the interest and credit of the state that the *loan of three millions* recently authorized by the legislature should be promptly and cordially taken by our citizens and monied institutions at par, and relying upon your patriotism and State pride, I hereby appoint you Commissioners to procure bids for any or all parts of said loan, the same to be received at not less than par as specified by the act authorizing it.

Yours truly,

A. G. CURTIN,
Governor.

Mr. Cooke did not wait to receive this official commission, he tells us; he bestirred himself in behalf of the loan at once. "Mr. Weir, the cashier of the Harrisburg Bank, and Mr. Moore," he writes, "were despatched to Pittsburg and the western slopes of the Alleghanies. Mr. H. C. Fahnestock, a nephew of Mr. Weir,

undertook a tour among the neighboring counties, visiting the banks at Gettysburg, Carlisle, Chambersburg, Lebanon, York, Columbia, Lancaster, and Reading. I sent agents up the Lehigh and undertook the work in Philadelphia and the surrounding country. Mr. Mercer, the President of the Farmers' and Mechanics' Bank of Philadelphia, was one of those who had urged the amendment, and I found him indisposed to subscribe, but after using all my arguments, he finally said he would take \$200,000, if it required so much to complete the subscription. So I put his name down as the first for that sum, and then applied to the other banks, insurance companies, savings banks, and to private capitalists, using the argument that this subscription at par for so large a sum as three millions would strike terror to the rebels and greatly help the United States government in selling bonds at par. They at this time were below par. I admitted that but for these all important reasons the price was high, but in view of the grand effect of such a subscription, the bonds would prove a better investment at par than below par and that what we needed now was patriotism and not money making."

A circular with blanks upon which banks and private citizens could make subscriptions was widely distributed through the state. It read as follows:

\$3,000,000 PENNSYLVANIA STATE LOAN

The subscribers having been authorized by the Governor and State Treasurer to procure bids for the loan recently authorized by the legislature of Pennsylvania, would respectfully appeal to the patriotism and State pride of Pennsylvanians in this hour of trial that they come forward and manifest their love of the commonwealth by a prompt and cordial response to her call.

But independent of any motives of patriotism, there are considerations of self-interest which may be considered in reference to this loan. It is a six per cent. loan free from any taxation whatever and bidders can have the privilege of taking certificates of \$50, \$100, \$500, \$1,000 or larger sums and either coupon or transferable loan. A special tax amounting to about three hundred thousand dollars per annum is by this loan bill levied and is to be applied to the payment of the interest on the loan and to the purpose of a liberal sinking fund. The bill itself stringently guards against any but an economical and judicious expenditure of the money, and throws around its disbursement, as will be seen by the annexed card of the State Treasurer, the most satisfactory checks and guards. The number of taxable inhabitants within the State is now nearly 700,000, thus showing that the above loan, added to our debt, only amounts to the trifle of four dollars and fifty cents for each taxable; and besides it is confidently expected that most of the funds now disbursed, being really in aid of the general government, will be in due time returned to our treasury.

Please advise us on or before the 8th of June the amount you will subscribe.

DREXEL & Co.,
34 South Third Street.
JAY COOKE & Co.,

Philadelphia, June 1, 1861.

114 South Third Street.

There were many subscribers for large amounts whose subscriptions were not conditioned upon the taking of the entire loan at par. For instance, the Philadelphia Bank promised to take \$100,000 of the bonds and afterwards raised its bid to \$180,000. The Girard Bank took \$125,000 and the Bank of North America, \$100,000, whereupon, gaining courage, Mr. Mercer made his subscription \$300,000. Mr. Weir telegraphed from Pittsburg that the banks of that city had subscribed for \$400,000, two taking \$90,000 each, one \$60,000, one \$50,000, two \$40,000 each, and one \$30,000.

Philadelphia June 1 1861.

Messrs. DREXEL & CO. and
 JAY, COOKE & CO. } Agents of the Commonwealth.
 Philadelphia.

WE, the undersigned, authorize you to subscribe at par, in our name, for the amounts set opposite our Signatures, to the Three Million Pennsylvania State Loan advertised on the 17th of May.

Name.	Residence.	Amount.
John White	Bredersburg	\$50.00
Michael F. Clark	(Cherry St)	10,000
St. Mickey Hann	27 th St. Germantown	50
Mary B. Huskey	do	100
Richd. Jackson	322 Chestnut St	200
John G. 1119	Phil	10,000
John A. Brown	"	100
Chas. W. Karrison	Bushleton	100.
Wm. G. Barrett & Sons		\$10000
Samuel D. Dalton	127 th St. 3 rd St	2000
Collins H. Hallowell	" " "	1000
Charles M. Leonard	111 So. 2 ^d	\$1000
John D. Roush	823 Front St Franklin	400
J. Allison Eyster	Cherry St	250
" "	" "	250
Edwin Kendall	(Grand) Phil	2000
Wm. J. Talbot	1024, 1021, 1019 St. Frank	500.
John Root	Springdale Bushlet	1000
"	"	50

A LIST OF SUBSCRIBERS TO THE \$3,000,000 STATE LOAN

Most of the country banks subscribed for \$10,000 but the Montgomery County Bank of Norristown took \$50,000 worth of the bonds; Mr. Messersmith's Chambersburg Bank \$40,000, and the York Bank, \$40,000. The insurance companies and the transportation companies, as well as private capitalists, were not forgotten. The subscription of the Pennsylvania Railroad was \$300,000 and of the Philadelphia and Reading Railroad \$65,000.

Many bids were forwarded by telegraph either to the Commissioners in Philadelphia or to the State Treasurer directly. "Finally, when they were opened at Harrisburg," Mr. Cooke continues in his Memoirs, "the subscriptions at par reached \$3,300,000, so that it was necessary to scale down each bid. This grand result saved the state over half a million in cash and vastly improved the situation, being of more real aid to the finances of the war than a subscription of ten times the amount at a discount. I took care to have this patriotic subscription, giving the names and amounts of all the subscribers, fully noticed in the newspapers of the country, telegraphing the news to all points and sending a copy of the subscription list through Kentucky (our only mode at that time of reaching the South) to Jefferson Davis, with a letter to the effect that all the millions of the North, if required, would be forthcoming to suppress treason and rebellion. I also sent copies to the *London Times* and to the Secretary of the Treasury, Mr. Chase, and to many other men."

So notable a service evoked expressions of the liveliest admiration and gratitude. When Governor Curtin

wrote seventeen days later, he had learned how to spell Mr. Cooke's name. He addressed individuals and not firms, mentioning Mr. Cooke first and Mr. Drexel afterward. The letter was as follows:

PENNSYLVANIA EXECUTIVE CHAMBER,
Harrisburg, Pa., 14 June, 1861.

Jay Cooke and A. J. Drexel:

Gentlemen:—The receipt of your letter to me yesterday, is as gratifying to me as any circumstance which has transpired since my inauguration, and to say that the taking of the loan in the cheerful, prompt and patriotic manner in which it was bidden for is gratifying, is but a feeble expression of the heartfelt joy with which I saw bid after bid opened until the whole closed with more than the required amount at par.

In the midst of painful circumstances alluded to by you, I feel the triumph which, through the exertions of yourselves and the present invaluable State Treasurer, the good old Commonwealth has achieved. I trust that the day is not distant when the names of those who exerted themselves in procuring the "sinews of war" will stand recorded, if not on a page as glorious, certainly as enduring, as that of those who have gone forward to seek upon the field of fame a name in their country's history.

Permit me to close by adding to my personal acknowledgments the thanks of the State of Pennsylvania for your exertions in this momentous matter.

Very truly yours,
A. G. CURTIN.

"We have worked hard and it is regarded as an achievement as great as or greater than Napoleon's crossing the Alps," Jay Cooke wrote to his brother Henry on June 13, 1861. "It is indeed a glorious work and I am proud of it."

The names of the subscribers to the loan are recorded on a scroll six feet in length which was preserved by Mr. Cooke. This paper reads as follows:

HARRISBURG, June 13, 1861.

The bids for the three million six per cent. loan of the Commonwealth of Pennsylvania direct to the Secretary of the Commonwealth and those made under the auspices of the State Treasurer and Drexel and Company and Jay Cooke and Company, Commissioners, were opened to-day and are as follows, all at par:

Farmers' and Mechanics' Bank,	Philadelphia.....	\$300,000
Philadelphia Bank,	do	180,000
Girard Bank,	do	125,000
Mechanics' Bank,	do	100,000
Western Bank,	do	40,000
Commercial Bank, Pa.,	do	100,000
Bank of Northern Liberties,	do	50,000
Bank of North America,	do	100,000
Southwark Bank,	do	25,000
Tradesmen's Bank,	do	25,000
Kensington Bank,	do	20,000
Manufacturers' and Mechanics' Bank,	do	20,000
Bank of Penn Township,	do	25,000
City Bank,	do	35,000
Consolidation Bank,	do	15,000
Corn Exchange Bank,	do	18,000
Bank of Commerce,	do	25,000
Commonwealth Bank,	do	20,000
Philadelphia Contributionship Society,	do	20,000
American Fire Insurance Company,	do	10,000
Pennsylvania Comp'y for Ins. and Annuities,	do	10,000
Insurance Company North America,	do	20,000
Franklin Fire Insurance Company,	do	20,000
Delaware Mutual Insurance Company,	do	20,000
Pennsylvania Fire Insurance Company,	do	10,000
Reliance Mutual Insurance Company,	do	5,000
Mutual Fire Insurance Company, Germantown.....		4,000
Mutual Assurance Company,	Philadelphia.....	10,000
Pennsylvania Railroad Company,	do	300,000
Reading Railroad Company,	do	65,000
Mt. Carbon Railroad Company,	do	5,000
Schuylkill Navigation Company,	do	10,000
Delaware Division Canal Company,	do	10,000
Hazleton Coal Company,	do	10,000
Bank of Pittsburg,	Pittsburg.....	90,000
Exchange Bank	do	90,000
Merchants' and Manufacturers' Bank,	do	60,000
Citizens' Bank,	do	50,000

Allegheny Bank,	Pittsburg.....	\$40,000
Iron City Bank,	do	40,000
Mechanics' Bank,	do	30,000
Bank of Chambersburg, Chambersburg.....		40,000
York Bank, York.....		40,000
Columbia Bank, Columbia.....		40,000
York County Bank, York.....		20,000
Farmers' Bank of Schuylkill County, Pottsville.....		20,000
Bank of Delaware County, Chester.....		10,000
Doylestown Bank, Doylestown.....		10,000
Lock Haven Bank, Lock Haven.....		10,000
Bank of Chester County, West Chester.....		10,000
Bank of Gettysburg, Gettysburg.....		10,000
Bank of Germantown, Germantown.....		10,000
Stroudsburg Bank, Stroudsburg.....		6,000
Lebanon Bank, Lebanon.....		10,000
Franklin Bank of Washington, Washington.....		10,000
Octorara Bank, Chester County.....		3,000
Bank of Danville and others, Danville.....		16,000
Farmers' and Mechanics' Bank of Easton, Easton.....		10,000
Bank of Montgomery County, Norristown.....		50,000
Bank of Pottstown, Pottstown.....		10,000
Farmers' Bank of Lancaster, Lancaster.....		20,000
Lancaster County Bank, Lancaster.....		20,000
Lebanon Valley Bank, Lebanon.....		5,000
Mount Joy Bank, Mount Joy.....		5,000
Wyoming Bank, Wilkesbarre.....		10,000
Easton Bank, Easton.....		10,000
Hanover Saving Fund, Hanover.....		16,000
Harrisburg Bank, Harrisburg.....		30,000
Kittanning Bank, Kittanning.....		20,000
Mechanics' Bank, Harrisburg.....		20,000
Bank of Middletown, Middletown.....		20,000
Miners' Bank, Pottsville.....		10,000
Monongahela Bank, Brownsville.....		10,000
Bank of Northumberland, Northumberland.....		10,000
John White, Bridesburg.....		550
Michael F. Clark, Philadelphia.....		10,000
A. Miskey Hance, Germantown.....		50
John Grigg, Philadelphia.....		10,000
Mary R. Miskey, Germantown.....		100
R. J. Iddings, Philadelphia.....		200
Charles H. Rainier, Bustleton.....		100
W. E. Garrett and Sons, Philadelphia.....		1,000
Samuel D. Walton,	do	3,000

Collins W. Walton,	Philadelphia.....	\$ 1,000
Charles McCowen,	do	100
John P. Rowbotham,	do	400
E. Otis Kendall,	do	2,000
R. S. Walton,	do	500
John Roset, Bucks County.....		1,000
do do		50
Ellis Lewis and Others,	Philadelphia.....	50,000
Henry Duhring and others,	do	50,000
——— Hebsecker,	do	50
Sarah A. Brown,	do	300
James W. Healy,	do	300
E. S. Gillett,	do	300
Henry Williams,	do	750
Joshua Q. Jeanes,	do	5,000
Mrs. Ellen Drew	do	50
Gustave Wedekind,	do	2,000
Margaret Robb,	do	150
Ellen B. Barnes,	do	1,000
John G. Moore,	do	100
Thomas J. Walsh,	do	200
Nancy P. Pleasants,	do	1,000
Margaret Martin,	do	100
Joseph Potts, Jr., Pottstown.....		500
Horace Binney, Philadelphia.....		5,000
John Provest, Germantown.....		1,600
Roger H. Kirk, Lancaster County.....		500
Harriet H. Baird, Reading.....		100
Joseph Wilson, Adams County.....		2,000
Joseph Banty, do		200
Joseph Fisher,	Philadelphia.....	1,000
Nathan Trotter and Company, do		5,000
L. B. Baugher, Gettysburg.....		50
Bernard Conway,	Philadelphia.....	500
John Gray,	do	400
Trustees Girard Bequest,	do	3,000
Michael Moyer,	do	1,000
Atherton Blight,	do	1,000
Jerome Plankinton,	do	500
Denis O'Connell,	do	650
Miss Mary Cressman,	do	1,500
Mrs. Ann C. Cummings,	do	500
John A. Brown,	do	10,000
J. Allison Eyster, Chambersburg.....		10,000
Fire Insurance Company of Northampton Co., Easton.....		1,000

Anna M. Green	Easton.....	\$ 100
Henry D. Maxwell, Guardian,	do	100
Henry D. Maxwell,	do	200
Joseph Smyser, York.....		1,000
Alexander Frey, do		1,000
Eli Lewis, do		4,000
Drexel and Company,	Philadelphia.....	20,000 -
Jay Cooke and Company,	do	10,000 -
Joseph Harrison, Jr.,	do	20,000
W. H. Newbold, Son and Aertsen,	do	5,000
C. and H. Borie,	do	5,000
E. W. Clark and Company,	do	5,000 -
Gaw, Macalester and Company,	do	5,000
John P. Crozier,	do	10,000
Jacob T. Williams, Germantown.....		500
Edward Bennett, do		500
Isaac Lea,	Philadelphia.....	3,000
Henry C. Lea,	do	2,000
S. K. Hoxsie,	do	1,000
William A. Blanchard,	do	5,000
William G. Bechtel,	do	300
Thomas Biddle and Company,	do	1,000 -
G. D. Rosengarten,	do	6,000
George H. Stuart,	do	10,000
Evans Rogers,	do	5,000
Stephen Morris,	do	5,000
Morris, Tasker and Company,	do	9,000
Edwin M. Benner, Sumneytown, Pa.....		500
Inland Insurance Company, Lancaster.....		2,000
Henry Johnson, Muncy.....		1,000 at 95
Jacob M. Campbell, Johnstown.....		30,000
Andrew McClurg, Alexandria.....		1,500
Alexander Harding, Philadelphia.....		400 at 85
Thomas E. Franklin,	Lancaster.....	1,000
J. B. and G. T. Lane,	do	1,000
Hager and Brothers,	do	1,000
R. F. Rauch,	do	500
Reed, McGrann, Keely and Company,	do	5,000
George M. Steinman	do	1,000
Charles H. Heinitsh,	do	500
Henry G. Long,	do	1,000
John F. Sehner,	do	500
Chas. Herbst,	do	500
A. Herr Smith,	do	1,000
N. Ellmaker,	do	500

J. F. Long and Company,	Lancaster.....	\$ 600
John Baer's Sons,	do	1,000
F. A. Muhlenberg, Jr.,	do	1,400
Thomas S. Clark, Pittsburg.....		2,000
William Thaw, do		2,000
George S. Pepper, Philadelphia.....		10,000
George Wetherill, do		5,000
Thomas P. Hoopes, do		2,000
S. Parker Cooper, York.....		800
Margaret R. Cooper, do		500
Cumberland Valley Railroad Company, Chambersburg.....		1,000
Thomas Welsh, Jr., Philadelphia.....		400
Total Bids		\$3,090,650

All at par except Fourteen Hundred Dollars.

In 1873, Henry D. Moore, then in St. Petersburg, indignant at the falsehoods which were being circulated on many sides regarding Mr. Cooke, wrote out his recollections of the event and recorded his appreciation of the banker's services in this emergency. Mr. Moore's letter is as follows: ¹

ST. PETERSBURG, Sept. 15-27, '73.

My dear Mr. Cooke:

Your favor of the sixth instant is at hand to-day, and in reply thereto, I will give you a statement of the facts connected with the negotiation of the Pennsylvania \$3,000,000 war loan as I remember them. I was treasurer of the state at the time and when the bill was passed by the legislature authorizing the loan, it prohibited the sale of the bonds at less than par.

Immediately there was a strong manifestation of feeling against the bill in this shape on the part of many of the bank officers and bankers throughout the state, on the ground that it would be impossible to negotiate the loan at par when all Penna. loans were so much depressed, and government loans selling in the market at a discount of 12 to 15%. The legislature was about adjourning, and the Governor and myself were told that if this restriction was not removed from the bill, the

¹ This letter is in the possession of Jay Cooke's son, Rev. H. E. Cooke, of Warren, Ohio.

state would in all probability find itself without funds in that most critical period; and if I remember correctly, a consultation was immediately held between the Governor, Auditor-General and Chairman of the two Committees of the Senate and House, and myself, when it was agreed to amend the bill by removing the restriction as to price, which was done just previous to the adjournment.

I then came to Philadelphia and consulted with you and Mr. Drexel as to the steps to be taken for the negotiation of the loan, and if I mistake not, you expressed regret that the bill had not been left in its original shape, and gave as a reason for it, that while you did not think the people of the state desired the loan as an investment, yet you believed they would take it from patriotic motives, and with such feelings you thought they could be induced to take it at par. On an examination of the bill as amended, you expressed a doubt as to whether the amendment accomplished the object intended, and said that you did not believe that we could legally sell the bonds at less than par. We then submitted the case to the Attorney-General, Mr. Meredith, and the following day he gave us his opinion, which was, that the amendment was so questionable that he did not think we could legally sell the bonds below par.

This settled the question on that point, and we then went to work to test the patriotism of our state, and the result proved that you were correct in your estimation of the loyalty and patriotism of the people of Penna. Of course, this was not done without work and labor: circulars were prepared appealing to the people, agents were employed, and the valuable aid of the press of the state was also brought into the work; and when all this was done, the books were opened, and I think in about ten days' time we had the whole amount subscribed for at par. Well do I remember our first day's attempt to open the books for this subscription. We had apportioned a certain amount of the loan among the banks pro rata, according to the amount of their capital, and the amount that we had set down for the Farmers' and Mechanics' Bank I think was \$250,000. You and myself called on Mr. Mercer, the President of that bank, to

start the subscription, as his was the largest bank in the state, and we felt that if we could get his name at the head of the list, our work would be well begun and comparatively easy.

When we told him that the subscription was to be made at par, he at once declined, and asked if we supposed it would be possible to get the loan taken at par. You replied that you had no doubt of it, and then told him of Mr. Meredith's legal opinion, that we had no right to negotiate it on any other condition. His reply was that he did not want to discourage us, but he must express his doubt of our success, and that he could not, in justice to his bank, head the subscription list at that rate. But his noble and patriotic character did not allow him to stop here, for he told us, that if we got anything near the full amount subscribed at par, then he would take for his bank its full share, and if necessary to close up the whole amount, would even take more than its share, which he subsequently did; but we left his bank without his name on our book.

We did not then apply to any other bank in Philadelphia, because we felt that if we did so they would naturally ask why we did not begin with the Farmers' and Mechanics' Bank.

We then went to your office and it was decided that I should go at once to Pittsburg, and a despatch was sent to Mr. McAuley, President of the Iron City Bank, to call a meeting of the bank presidents at his office the next afternoon, and that I would be there to see them on important business. I was there at the time appointed, and met with the same reception at first, that we met with at the Farmers' and Mechanics' Bank. But after an interchange of argument and views on the subject, their patriotism was equal to the occasion, and I left Pittsburg with a subscription of near one-third of the loan at par, based upon the condition that the balance of the loan should be taken at the same rate. I returned to Philadelphia and in less than a week from that time you had the whole loan subscribed for, and if I mistake not, when we came to get in the subscriptions from all your agents, it footed up some \$300,000 more than was necessary.

These are the facts in reference to that negotiation as far as

I can remember them, and I have always thought, that this successful negotiation of that loan at par, was one of the most important results to our country of anything connected with the rebellion. It not only saved our state nearly a half million of dollars, but it encouraged every other Northern state in the negotiation of their loans, and it was an unmistakable evidence to the rebels of the feeling and determination of the people to put down the rebellion at any cost. And it was not without its effect abroad also, for it caused other nations to have the respect for us, and that belief in our ultimate triumph, which nothing else could have done.

I well remember meeting Mr. Josiah Bacon of our city on Chestnut Street a few months after this loan had been effected, who introduced me, as Treasurer of the state, to an English gentleman, and he alluded at once to this negotiation of our loan at par, and said to me, that it would do more to inspire confidence among his people and all nations abroad in our cause, and in the strength of our government, than anything else possibly could do. But the most remarkable result and valuable result to our country of this successful sale of our state loan, was the effect it had on the subsequent negotiation of our national loans. You know, everyone knows, of the very depressed condition of our government bonds at that time, and the great difficulty which our government experienced in negotiating their bonds, even at a very large discount and I will now tell you what you have perhaps never known, that I wrote to Mr. Chase (then Secretary of the Treasury) and gave him a history of the negotiation of our loan at par, and expressed to him my earnest belief that if he would give you the negotiation of the government loan, you would be as successful with it as you were with our state loan. I felt that if the same appeal was made to the patriotism of the people of the country as had been made to the people of the state, and the same energy manifested as had been evinced by you in the negotiation of our state loan, the result would be the same. It was done and the result is a part of the history of our country, and one of the brightest pages of that history too; for never before in the history of

the world, has any nation or people manifested such a patriotism and love of country, such a belief in the right and justice of their cause, as was manifested by our people in this outpouring of their wealth to preserve the integrity of the nation, and in this portion of the history of our country, Mr. Cooke, you have a part of which you may justly feel proud. I do not pretend to say that these things could not have been accomplished without your aid or assistance, or that no one else could be found to do it: I only say that you did it, and the supposition that any one else might have done it, should not deprive you of the honor and credit which is justly your due. I do not claim that you are entitled to all the credit for the successful negotiation of our state loan, because Mr. Drexel was associated with you in that negotiation, and while he did not take an active part in the details of the work, yet we had the valuable aid of his counsel and advice, and his name was of great assistance to us because of the high character and standing of his house. But you laid out the work and devised the plans to carry it out, and gave to it your undivided time and attention until accomplished.

Your friend ever,

HENRY D. MOORE.

CHAPTER IV

A NATIONAL FINANCIER

In very many instances the Treasury of the United States has had chiefs who were without useful practical experience in financial affairs. They have mostly also lacked a theoretical knowledge of finance, gained by a study of political economy. To this untrained class, it is clear, belonged Howell Cobb of Georgia, who was chosen by James Buchanan to be his Secretary of the Treasury. A Southern Democratic leader, strongly persuaded of the righteousness of his section's view of slavery, he had not exhibited so violent a spirit as some of the politicians in that group of which he was a prominent member. Of an understanding of finance he was not suspected, even by his most devoted friends, and his administration of his office was without influence in altering the public judgment. Mr. Buchanan appeared to be in a comfortable state of mind as the country drifted nearer and nearer to the verge of crisis. In pride and satisfaction he had written in his Inaugural Address in March, 1857: "No nation has ever before been embarrassed from too large a surplus in the Treasury." On July 1, 1857, the public debt was \$29,060,386.90 and a cash balance of \$17,710,114.27 remained in the Treasury. So prosperous was the outlook and so unprophetic were the nation's financiers, that Secretary Cobb engaged in an operation, afterward most se-

verely criticised, of buying up government bonds at a considerable premium, in order to distribute the store of public money.

Perhaps it was due to the general business panic of 1857, or to a settling consciousness of approaching civil war, that all predictions of the government's pursuing a smooth course in financial seas were soon set at defiance, and the President and his Secretary of the Treasury were compelled to take less roseate views of the outlook. Already in June, 1858, Congress authorized the sale of \$20,000,000 of fifteen year six per cent. bonds, whose annual interest charges of \$1,200,000 would need to be paid in gold throughout the war. The costs of government increased; its revenues declined, and the administration, anti-tariff as it was, reluctantly turned to a higher schedule of duties on imports as the means of saving the Treasury from imminent want.¹ The session of 1858-59 passed without an agreement among the leaders as to a tariff bill, and upon the last day, President Buchanan earnestly urged both houses not to adjourn without making provision for the pressing needs of the government.² From plethora the Treasury in two years had come to a point where it was faced by insolvency, a fate it escaped only by an amendment to an appropriation bill passed at the last moment of the session, reviving an old law and permitting the re-issue of short time Treasury notes for \$20,000,000, bearing six per cent. interest. By July 1, 1860, when the campaign which elected Lincoln to the Presidency

¹ James Schouler, *History of the United States under the Constitution*, Vol. 5, p. 420.

² Special Message of March 3, 1859.

was well under way, the public debt had been increased in long bonds and temporary loans to \$64,769,703.08, while the balance in the Treasury at this date was only \$3,629,206.71,¹ indicating a gain of nearly \$50,000,000 in the burdens imposed upon the government in three years of peace.

The evil progress of the country's finances was exhibited by John Sherman in the House of Representatives. The debt of the United States and the Treasury balances at the end of four fiscal years preceding the war were as follows: ²

On July 1, 1857,	
Public Debt	\$29,060,386.90
Balance in Treasury.....	17,710,114.27
	\$11,350,272.63

On July 1, 1858,	
Funded Debt	\$25,155,977.66
Treasury Notes	19,754,800.00
	\$44,910,777.66
Total Debt	\$44,910,777.66
Balance in Treasury.....	6,398,316.10
	\$38,512,461.56

On July 1, 1859,	
Funded Debt	\$43,601,037.69
Treasury Notes	15,153,661.64
	\$58,754,699.33
Total Debt	\$58,754,699.33
Balance in Treasury.....	4,339,271.54
	\$54,415,397.79

¹ Annual Report of the Secretary of the Treasury, 1860.

² *Congressional Globe*, 1860-61, Pt. 1, p. 42.

On July 1, 1860,	
Funded Debt	\$45,079,203.00
Treasury Notes	19,690,500.00
<hr/>	
Total Debt	\$64,769,703.00
Balance in Treasury.....	3,629,206.00
<hr/>	
	\$61,140,497.00

It has been usual to charge Secretary Cobb with disloyalty as well as with inefficiency. Even his Southern colleagues were not indisposed to make light of his record as a financier. Thus Alexander H. Stephens, writing on February 17, 1861, says: "Toombs never lets Cobb pass without giving him a lick. The other night in high glee he told him in company that he had done more for secession than any other man. He had deprived the enemy of the sinews of war and left them without a dollar in the Treasury. He did not even leave 'old Buck,' two quarters to put on his eyes when he died. This is a sore point with Cobb; but Toombs seemed disposed to rub in the salt. Even when the skin was off he applied it to the raw."¹ A time came, after Lincoln's election, when "the Speaker's warrants on the Treasury, in favor of the pay of members of Congress, were presented and refused for want of funds;"² and John Sherman, Chairman of the Ways and Means Committee, speaking in the House of Representatives on December 10, 1860, said: "Most of the members are aware that the government has not been able to pay for

¹ R. M. Johnston and Wm. Hand Browne, *Life of Alexander H. Stephens*, p. 386.

² Nicolay and Hay's *Abraham Lincoln*, Vol. III, p. 238.

the last week or two our own salaries and many other demands at New York and other places.”¹ The disappearance of partisan and sectional hatreds and a better knowledge of the facts clear Mr. Cobb and his Southern associates in Buchanan’s cabinet of the charge of actively conspiring to render the government less fit for the approaching combat. The composition of the cabinet, drawn as it was from both North and South, and the state of the times generally, precluded any spirited exertion on the part of Secretary Cobb, if he had been a man of greater financial talent and of undoubted loyalty to the Union.

In June, 1860, Congress had found it necessary to authorize another loan, this time to the amount of \$21,000,000 for the redemption of Treasury notes and to meet current deficits.² Under this grant Secretary Cobb called for bids on ten millions of five per cent. ten year bonds on September 8, 1860, and he succeeded in negotiating the loan at from par to 1.45 per cent. premium. Only \$7,022,000 was actually taken, however, several bidders refusing to fulfil their engagements, and his report to Congress in December recommended a new issue of Treasury notes. He suggested that the public lands should be offered as a pledge for the payment of the debt, and a few days later he resigned to help his state organize for secession from the Union. On December 17th, Congress authorized an issue of \$10,000,000 more Treasury notes, though without heeding Cobb’s panicky recommendation regarding the public lands, and Philip F. Thomas of Maryland, whom

¹ *Congressional Globe*, 1860-61, Pt. 1, p. 42.

² Act of June 22, 1860.

Buchanan had appointed to the vacant secretaryship, promptly offered \$5,000,000. The awards were to be made at rates of interest named by the lowest responsible bidders. The credit of the United States was so impaired at this time that only \$121,100 of the notes were taken under 10 per cent; the remaining bids ran as high as 36 per cent. Seeing that the negotiation must fail, a few bankers, chiefly in New York, formed a syndicate to buy enough of the notes at 12 per cent. to enable the government to pay the January interest on the public debt, specifying particularly that the proceeds should be applied to that use. At sight of this patriotic action, other capitalists came forward to bid for the rest of the \$5,000,000 at 12 per cent., and the operation was completed.

Secretary Thomas followed Cobb's example and resigned to engage in secession on January 11, 1861, having been in office for but a month. President Buchanan, compelled to reorganize his cabinet from the ranks of Northern Democrats, appointed to the vacancy John A. Dix, then Postmaster of New York City. Mr. Dix at once loyally exerted himself to obtain advantageous bids for the \$5,000,000 of Treasury notes authorized by the law of December 17, 1860, which remained and which Thomas had already offered to the public. Salutary changes in the cabinet had developed in the financial community a feeling of greater confidence in the government, and when the bids were opened on January 19th, they called for more than \$12,000,000 at rates ranging from 8¾ to 20 per cent. Dix awarded \$3,230,000 of the notes under 11 and the remainder, \$1,770,000, at 11 per cent.

Meantime the expenses of government increased and accrued and Congress on February 8, 1861, authorized another issue of bonds for a sum not exceeding \$25,000,000, "to be used in the payment of current demands upon the Treasury and for the redemption of Treasury notes now outstanding, and to replace in the Treasury any amount of said notes which shall have been paid and received for public dues." These bonds were to bear six per cent. interest and run for not less than ten nor more than twenty years. Secretary Dix advertised that he would receive the bids on \$8,000,000 of this issue and made the awards on February 23d. The loan was considerably oversubscribed, though at a large discount, being sold at rates averaging 90.47 ⁸/₁₀ per cent.¹

The retirement of the Southern senators and representatives early in 1861, opened the way for the passage of the Morrill Tariff Act, which would have the double advantage, from the point of view of its authors, of increasing the revenues and protecting domestic industries. A provision of the new tariff law gave the President of the United States authority to borrow \$10,000,000 more in bonds or in Treasury notes, both to bear interest at six per cent. Thus when Lincoln and Salmon Portland Chase of Ohio, whom the new President had chosen to be his Secretary of the Treasury, came into their offices, the public debt had been increased over Mr. Cobb's total for July 1, 1860 (making some deductions for redemptions and conversions) as follows: \$7,022,000 in ten-year five per cent. bonds; \$10,000,000 in Treasury notes, bearing interest at rates ranging

¹ Bayley, *United States National Loans*, Tenth Census, p. 151 and Schuckers, *Life of Chase*, p. 210.

from $8\frac{3}{4}$ to 12 per cent., and \$8,000,000 in twenty year six per cent. bonds, a total of \$25,022,000. The legislation of recent months gave Mr. Lincoln and Mr. Chase authority to issue about \$40,000,000 more in government stocks—a balance of some \$13,000,000 under the act of June 22, 1860; a balance of \$17,000,000 (\$8,000,000 having been issued out of a possible \$25,000,000) under the act of February 8, 1861, and the \$10,000,000, which had just been authorized by the Morrill Tariff Law.¹

Secretary Chase was a somewhat severe, ponderous and ostentatiously correct Puritan. Born in New Hampshire of old New England stock he had settled in Cincinnati as a lawyer. Of rising eminence in his profession his interests drew him to political life, first as a Whig, though he soon developed Democratic leanings, more, it would seem, in a revulsion of feeling against the Whig party's temporizing course on the slavery question than because of a real belief in any Democratic principle. He was an uncompromising Liberty party man and was elected to the United States Senate by a fusion of Democratic and third party elements in 1849 to serve for a full term of six years, occupying his seat in time to witness the last *coup* in the tedious pacification process, the enactment of the Compromise Bills of 1850 when Clay, Webster, Benton and Calhoun practically passed from the political stage. Afterward Mr. Chase served two terms as Governor of Ohio, and it was while at Columbus that he formed the acquaintance of Henry D. Cooke, then the editor of the *Ohio State Journal*. Governor Chase was financially interested in

¹ Nicolay and Hay, Vol. III, p. 244; Schuckers, p. 212.




SALMON P. CHASE

*From a portrait painted by William Cogswell, presented to the State of Ohio
Now in the Executive Mansion at Columbus*

this influential but unprofitable newspaper and was not without appreciation of the services it had performed for him, and might in future render him in realizing his higher ambitions. From the time of the foundation of the Republican party he aspired to the presidency of the United States; first in 1856, then in 1860, when Lincoln was preferred over him and Seward, and in 1864, as Lincoln's successor, freely using his cabinet place as a stepping stone to the higher position. Mr. Chase still had the office in view in 1868 and 1872. He strove to attain an honor which was never to be his and posterity judges him by his record as an honest Secretary of the Treasury and an able Chief Justice.

It may have been with some misgivings that practical financiers viewed Mr. Lincoln's choice of his Secretary of the Treasury, since Mr. Chase was not trained in their school, nor had he had acquaintance or relationship with them or the greater movements in the business world. It was conceded, however, that he was the Republican of largest proportions after Seward and the ranking post in the cabinet when the Secretaryship of State was filled was in the Treasury Department, to which Mr. Chase was naturally assigned. His coming to the office assured the government of a careful and strictly conscientious administration on its financial side, so long as he would remain in the position, and if he were not the master of the mechanical details of Treasury management a vast gain would accrue from the knowledge of his unyielding integrity in the general issues to confront the nation in the important work of collecting and disbursing great sums of money in the impending war. Indeed if he erred it would be in the



direction of cavilling economies and an obdurate desire to be and to appear honest when there was no danger of dishonesty. These traits, coupled with his obstinacy in opinion, a character devoid of humor, testiness under attack, some egotism and large personal ambitions impaired his usefulness as an administrative officer, but did not prevent him from performing a service for his country which it will not soon forget. Mr. Chase had two daughters, Kate and Nettie. He had been first married in 1834 to Catherine Jane Garniss of Cincinnati. She died eighteen months later, leaving him a little girl who lived for only four years. In 1839 he married again, choosing for his second wife Eliza Ann Smith, by whom he had three children; only Kate lived, and the second Mrs. Chase died in 1845. The next year he married a third time and by this wife, who was Sarah Bella Dunlop Ludlow, also of Cincinnati, he had two children. One, Janet Ralston (Nettie) Chase, lived but her mother survived only until 1852. Thus in eighteen years Mr. Chase had lost three wives and four children,¹ and when he reached Washington he was a widower, which he remained, with two daughters—Kate, a young lady, who became the belle of Washington society, beautiful and imperious, a bewitching diplomat of the drawing-rooms, valuable in furthering her father's political ambitions (later the unhappy wife of Senator Sprague of Rhode Island); and her half-sister, Nettie, still a young girl, subsequently Mrs. William S. Hoyt.

Although Jay Cooke and Mr. Chase had not met before the "Governor," as he was affectionately called by

¹ Hart's *Chase*, pp. 20-22.

the people of Ohio, entered the Lincoln cabinet they were in a position easily to become the warm friends ✓ which they always remained. Mr. Chase had occupied the same platform with Eleutheros Cooke at political meetings in the Western Reserve and Jay Cooke's father had been the orator of the day at the celebration attending the forty-fifth anniversary of Perry's battle of Lake Erie on September 10, 1858, when Chase was present and thousands crowded the little island of Gibraltar overlooking Put-in-Bay. Moreover, Mr. Cooke's brother Henry, through his newspapers, which warmly espoused the Governor's political causes, had by his loyal service and attractive social qualities ✓ become a counsellor and friend who was cordially admitted to the statesman's confidences. Mr. Chase and the editor of the *State Journal* were often seen together in Columbus, and the intimacy extended to their families. To neither Chase nor John Sherman, who was following him into eminence, was it unknown that Henry Cooke had a brother Jay in Philadelphia who met the deficits of his newspapers and might be looked to in future for financial favors of many kinds. The debt on Sherman's side was materially increased when Henry Cooke and Rush R. Sloane of Sandusky, who managed the campaign in 1861 which gave him Chase's vacated seat in the United States Senate, drew upon Jay Cooke ✓ for the candidate's travelling expenses and the cost of one or two banquets.¹

Jay Cooke had just opened the banking house of Jay

¹ Judge Sloane of Sandusky, says that in this campaign and that of 1866, when Sherman was reelected to the Senate, which was also financed by Jay Cooke, the expenses were about \$3,000, an outlay which the candidate was unable to bear on his own account.

Cooke and Company and he was not unmindful of the many opportunities for business growing out of the political changes so entirely revolutionary at Washington. Henry Cooke visited the national capital in the interest of his newspaper to be present at the inauguration of the new government, and on March 1, 1861, Jay Cooke wrote his brother asking for the earliest information regarding the course of political affairs:

“I see Chase is in the Treasury and now what is to be done? Can't you sell out the paper and open a banking house in Washington and be something respectable? . . . How are matters? Are we to have civil war?”

Henry Cooke prolonged his sojourn at Washington, following the startling developments of the months of March and April closely and intelligently. His brother asked to be apprised of them fully every day. Precisely what turn their government connection would take they did not know, for the public need was not yet defined. Sherman visited Jay Cooke to see if he could not arrange for one of his brothers and Henry Cooke to become partners in some profitable business growing out of the change of administration and the probable war, a suggestion which the banker did not approve. Among the various plans which so rapidly passed through Jay Cooke's active mind was this one unfolded to his brother Henry on March 25th:

I do not see how I can get away from Philadelphia, at any rate until you have a confab with the Governor and see whether he is disposed to do anything with us. I see he has appointed an assistant secretary. What kind of a man is he? What we wish to do with the Treasury is to have the Department allow us to make the frequent transfers that are made from point to point

instead of giving the business to Adams and Company. We can make those transfers and the Department when flush can give us 30, 60, 90 or 120 days time, as it is no loss to them, and the interest in the meantime would be clear profit and to be divided. It would in fact save the expense of moving gold from point to point. This was the mode originally adopted and there being no reason against it, provided honest men are entrusted with the business, I don't see that there can be any objection to it. . . . Don't fail, dear brother, to write me and tell me fully how things look and what the prospects are for war or peace. Write fully about Gov. Chase.

The demands of the Treasury were of course pressing and growing. Of the various expedients which Congress had left open to him as a borrower Mr. Chase chose the act of February 8, 1861, under which Secretary Dix had just obtained \$8,000,000 on six per cent. long bonds at about \$90 for \$100. He now determined to offer \$8,000,000 more of these bonds, and hoped that he might sell them at par, but out of bids aggregating about \$27,000,000 only \$1,000 were at their face value. Some \$3,000,000 were around 94 and in the hope of strengthening public confidence all bids below this rate were rejected, the loan being closed for only \$3,099,000.¹

Mr. Chase's next step was another emission of Treasury notes (about \$5,000,000) which were sold principally through John J. Cisco, the Assistant Treasurer of the United States in New York. On April 8th Jay Cooke wrote his brother Henry a letter from which we learn something of his views on the financial situation at that time:

I am sorry you must go back to Washington to-night as perhaps to-morrow we could do something in the matter of the

¹ Nicolay and Hay, Vol. IV, pp. 78 and 377. Compare Schuckers, p. 213.

Treasury notes. I did not think it advisable to-day to make any movement as I saw a letter from New York to Drexel and Company, stating that Cisco had authority from Gov. Chase to dispose of the 5,000,000 Treasury notes at $\frac{1}{8}$, and that it was probable the list was all filled up. Under these circumstances I could not think of urging parties here to make up a list as it would prove labor lost. If you will telegraph me early to-morrow, I will see what can be done, although the warlike rumors of to-day (especially the one that Pennsylvania was to be put on a war footing) have frightened our capitalists and banks and bankers amazingly. Some who had ordered Treasury notes purchased in New York telegraphed this morning to countermand the order. Should there be a collision you may rely on it there would be at first a great panic in government securities as also in state, city and private credits, though I presume that after we had got a little used to it we could recover our equanimity. I would advise Gov. Chase not to try too much to save the pennies but to keep on the right side of those capitalists who are disposed to dabble in the loans, etc., of the government, and if they do make sometimes a handsome margin it is no more than they are entitled to in such times as these. They can be very useful to the government, and I think the refusal to give them the last loan when they bid so near the mark, has created bad feeling. Many of them are now rejoicing that they did not get what they bid for. The feeling has wonderfully changed. I repeat that the Governor should keep on the right side of the capitalists till he gets into smoother water.

The sales in New York were not so large as Mr. Cisco had expected and some of the notes remained for Jay Cooke. Two days after this letter was written he succeeded in selling \$200,000 worth,¹ following this with other orders so that he had made his beginning as a national financier. His part was to be larger in the next operation of the Secretary of the Treasury. Mr.

¹ Telegram to H. D. Cooke at Willard's Hotel, Washington, Apr. 10, 1861.

Chase was practically reduced now to the loan of \$13,000,000 or \$14,000,000 under the act of June 22, 1860, and the loan of \$9,000,000 under the act of February 8, 1861.¹ On May 17, 1861, he wrote, explaining his course in reference to these alternative plans:

My correspondence and conversation with the leading capitalists of New York convinced me some time since that the loan of \$14,000,000 restricted by law to six per cent. bonds at par could not be negotiated. I then determined to advertise the loan of \$9,000,000 which was not so restricted and content myself as to the other loan with acquiring the power to resort to Treasury notes upon the failure, which I saw to be inevitable, to negotiate the bonds at par. My first impression was when I called for the \$9,000,000 loan that it would be best to accept for the bonds whatever reasonable rates might be offered, and not resort to the alternative power of issuing Treasury notes. The financial condition of the Department, however, proves to be better than I feared it would be at this time. I think it will be possible to carry on the government until the meeting of Congress without any serious embarrassment with the proceeds of the \$9,000,000, if taken at par re-inforced by the ordinary revenues and perhaps by the use of two or three millions of Treasury notes out of the fourteen millions. I have therefore determined to accept par bids for Treasury notes (if the New York capitalists will join in making them) rather than dispose of the bonds at any very considerable discount. ✓

The \$9,000,000 loan having been practically agreed upon Mr. Cooke wrote to Secretary Chase on April 19, 1861, as follows:

Dear Governor:

I write to ask of you the following question: If I get up a voluntary subscription or bid for one million or more of the remaining 9 million in Treasury notes from our banks in Phila-

¹ The sale of a second lot of \$8,000,000, partially taken around 94, had made this loan still available for only \$9,000,000.

Philadelphia at par, convertible as before, etc., can you agree that the money shall be disbursed here, or otherwise allow me so to arrange it that our banks (already burdened by government loans — loans to city and state) shall not be deprived at once of this amount in coin when their own issues will answer every purpose of payment here? Our banks are full of patriotism and anxious to do all they can to aid you in carrying on the Treasury operations. They have been asked by the New York Committee to furnish a portion of the 9,000,000 which you will probably advertise for shortly, but wish to operate with you directly if the above can be arranged.

Our banks wish to continue specie payments, and to do this must be careful how they loan any considerable portion of their specie capital. I have assured them that I thought you would put the matter in my hands to meet their views in this respect, and I will add that I think it highly important that if not legally impossible you will favor them in this way.

It is also important that our capitalists and banks should become more interested in government loans than they have been — a large debt will not hurt the cause of the Union.

I am acting in this matter in a private capacity, and whether I see my way clear to accept the office tendered me or not I shall give my time and energies to these matters of finance. Philadelphia is proverbially a small field compared with New York. Our bank capital is only 11 million, whilst New York has 66 and Boston 30; but to the extent of our ability we will no doubt respond to all calls.

Sincerely and respectfully yours, JAY COOKE.

The allusion to the "office," which had been tendered him is explained by the following letter from Mr. Chase:

WASHINGTON, April 20, 1861.

My Dear Sir:

At my special request the President the other day consented to appoint you Treasurer [?] of the Mint and Assistant Treasurer.

It is an office of great responsibility and I was moved in the selection of yourself partly by my confidence in your eminent qualifications, partly by the regard I feel for your family, and partly by my sense of your services in the matter of the Treasury note loan and my confidence in your future services of like nature when required.

I know the office cannot be very attractive to you and you may be compelled to make some sacrifice in the way of business in order to accept it. Still I hope unless the sacrifice be *too* great that you will.

The rebels seem determined to shut us up here. The whole loyal Union should rise as one man.

Yours truly,

S. P. CHASE.

Jay Cooke, Esq.

Mr. Cooke did not immediately decline this proffer of an office then held by J. H. Walton, President Buchanan's appointee, and when Secretary Chase replied to the inquiries regarding the manner of disbursing the money subscribed by the Philadelphia banks he again took occasion to urge Mr. Cooke to accept the post:

Whatever the Philadelphia banks subscribe for, whether bonds or Treasury notes, may as well remain with the Assistant Treasurer at Philadelphia until disbursed as anywhere else. When disbursed it will probably be paid out principally in Philadelphia and returned to the banks. I am glad to learn from you that the Philadelphia capitalists propose to take a larger interest in government loans than heretofore. You must not fail, unless your business imperatively requires it, to accept the position tendered you by the President.

On May 15th Mr. Cooke in a letter to the Secretary said:

Rest assured, dear Governor, that if I could, without violence to many interests entrusted to me, step into the position assigned

me I would do so. As it is I am compelled to decline for the present any call that would require my giving up entirely my recently formed business engagements. Under any circumstances I desire that you will show me further evidence of your confidence by calling upon me at all times when my services are needed.

Henry Cooke was to visit Governor Chase and explain the situation, Jay sending his brother¹ some memoranda to guide him in the conversation with the Secretary:

First — Assure the Governor of my gratitude for his offers to me, and explain briefly how impossible it is for me at once to bring my extensive business arrangements to a close, saying that unless you could come on and represent me for a large portion of the day I should have to decline but that I will consider it a duty to hold myself at all times ready to serve him by advice or active efforts in the matter of loans.

Second — If it is in his power he might confer on me in order to bring me officially in connection with him one of those positions as a secret agent of the Treasury Department. If he gives this to you it will suit as well and perhaps better. I understand that the duties of such a position are quite nominal and that the salary is merely nominal, not over 12 or 1500.

Third — In view of the almost total annihilation of parties in this quarter and also the faithfulness of the present incumbent Mr. Walton, once a Democrat; the difficulty of finding honest parties who can furnish the required bona fide unincumbered real estate security; the length of time required to become familiar with the duties, etc., etc., would it not be a just tribute to the Democrats to allow Mr. Walton to remain? I have taken pains to inquire as to his administration of the office and find that it is entirely satisfactory. He comes from a most patriotic portion of Pennsylvania (Easton), a district that has sent to the wars thousands of his neighbors and friends. With not the

¹ May 15, 1861.

least desire to dictate to Gov. C. I ask would it not be well to allow Mr. Walton still to remain, at least for the present, especially as in a few weeks or months we may see our way clear to go into the position, and besides to put a stopper to the innumerable applications that will be made for these offices if it is announced that they are vacant. There is one party especially I wish you to warn the Governor about, viz. Mr. Edward M. Davis, a son-in-law of Lucretia Mott and a violent Abolitionist and one of those who I am informed aspires to this position. I have nothing to say as regards Mr. Davis's talents, or his past history in business matters, or his religious (or rather want of Christian) principles,¹ but I wish to state that as one of those who have so long refused to vote, openly slandering our Constitution, one of the few of the rabid Abolitionists of this neighborhood who have done all they could for years to bring about our present troubles by inflaming the bad passions of the South, any appointment of this kind so prominent, so public and responsible would deeply injure the cause we are engaged in. He would not have the weight of a feather's influence with capitalists, banks, etc. In fact if the government placed so obnoxious a man in such a position I am sure (and I speak advisedly) the effect would be extremely disastrous. I beg and implore the Gov. not to let any influence, however strong it may be, to induce the President or himself to listen for a moment to this proposal. If Mr. Walton is not retained, as I really hope he may be for the present, there are plenty of first rate original Republicans of high character who would be of use to the government, and who would gladly take the post. I do not mean politicians but bank men who have influence and character of the highest degree. Mr. Davis has just been in and I have frankly stated that he should not, if he has any regard for the government, intrude himself prominently before the people at this critical time, and I think he agrees with me and may not apply. If he does I want Governor Chase to know what 99 out of 100 here would think of such an appointment. It would be disastrous.

¹ Mr. Davis was a Hicksite Friend.

It is clear that Mr. Cooke was much more deeply interested in securing subscriptions for the pending loan than in taking possession of a small salaried office at the head of the sub-treasury in Philadelphia, although actively concerned that it should be in suitable hands. While he might have been very useful to the government in such a post the occurrences of the next few years attest to the falsity of Mr. Chase's theory that it was his duty to take a place in charge of a local bureau when the country soon would need him in a great national sphere. His energies would carry him far beyond the bounds of city or neighborhood. He had ambitions which could not be satisfied, and talents which destiny would not permit to be consumed at a desk, where the rules and regulations of a government department would have prevented him from performing for his country his great service in its hour of trial.

The subscription list prepared for the \$9,000,000 loan and headed in Mr. Cooke's bold hand is preserved and reads as follows:

PHILADELPHIA, May 21, 1861.

We, the undersigned, the representatives of banks and other institutions and individuals, in view of the present exigencies of the general government, and deeming it of great importance that a prompt and liberal response should be made to his proposals for nine millions of loan or Treasury notes, said proposals to be opened on the twenty-fifth inst., do hereby subscribe each for themselves the following amounts for six per cent. Treasury notes as specified in the advertisement of the Secretary of the Treasury under date of twentieth instant.

Mr. Cooke's success, although now allied with Anthony J. Drexel's older and better known house,

was by no means so great as he hoped it would be and on May 24th he wrote his brother Henry:

I am sadly disappointed this day in not being able to make a larger bid for loan and Treasury notes from Philadelphia. Toney Drexel and Company and myself have spent most of the time this week in pulling the wires of our banks and have only succeeded in getting 300,000 bid for. Of course this is just that much more than would have been offered for if I had not taken an interest in it. If we had two or three days more to work in I am sure we could have made it perhaps a million. Several of the banks would not offer as they could not do so till they had consulted the regular boards. Others declined because they had already a load of state and city stock, but would no doubt have taken a part if we had had time to talk to the managers. Besides we did not see any of our insurance companies — could not possibly get the time — but we expect to lay the lines broad and strong for the next loan and hope to do better. Tell Chase how I have worked against the current and how Drexel and Company have forgotten their disappointment about the previous loan and are now working heartily with me. E. W. C. and Company [Clarks] also. The \$3,000,000 state loan comes on the market next week and as it has to be taken here our banks felt that they must look to it first. ✓

The result of this operation was the sale of \$7,310,000 of the bonds at rates varying from 85 to 93 per cent., nearly all at the lower rate, and \$1,689,000 in Treasury notes at par, a rather unfavorable return, but all that even the warmest friends of the government had a right to expect at a time when the military outlook was dark and the country was yet in no state to meet the demands made upon it by a constantly widening area of determined and dangerous rebellion. ✓

Mr. Cooke writes of this period in his Memoirs as follows:

“At the very beginning, and some three months before I became acquainted with Secretary Chase personally, I had sent him various large sums gathered as subscriptions from the banks, insurance companies and other corporations of the city of Philadelphia and the surrounding country. There seemed to be no one to whom this duty had been entrusted. In fact all financial institutions and all capitalists were very much demoralized and it was as much as each could do to maintain his own position and credit without voluntarily weakening them by advances to the government. As I had not been in regular business for three years previous to the first of January just passed, and had only at that time re-entered the banking business, I had no entanglements or obligations. Having had many long years of experience in negotiating loans for the government, railroads, etc., I felt it my duty to give a portion of my time and efforts to the work of raising funds for the use of the Treasury of the United States, and this work I undertook, and succeeded in, to the extent of many millions of dollars without hope of or expectation of commissions or rewards of any kind.”

Mr. Cooke's experiences as a state and national loan agent now led him to think of the establishment of a Washington house which would stand in close relation to the Treasury Department. He spoke to his friends “Ned” and Clarence Clark, who, however, were unwilling to join in the undertaking unless Mr. Cooke would consolidate his bank with theirs in Philadelphia.¹ This plan was abandoned therefore and he turned to the Drexels, with whom he had been co-operating in recent

¹ J. C. to H. D. C., July 10, 1861.

loan negotiations—not because of any vigor or sincere interest which they manifested in the work, but solely in view of the advantages which were to be gained by association with a house older, and, at this time, of greater wealth and influence than his own.

On July 12, 1861, Mr. Cooke wrote to Secretary Chase stating his plans as follows:

After some days' negotiation I have to submit the following for your consideration: Messrs. Drexel and Company of this city are willing to join our house in opening a first-class banking establishment in Washington at once, trusting to our energy, capital and credit for success as well as those natural advantages that would legitimately and honestly flow towards us from your personal friendship, and the fact that our firm was ardently and fully with the administration. Drexel and Company and ourselves would represent at least $2\frac{1}{2}$ to 3 millions of capital, not all in cash nor all immediately available, but still good as a basis. Without referring to our own standing and credit which we may say is after 22 years' active business in this city now on a firmer basis than ever, we would refer to Drexel and Company as the heaviest house in Philadelphia with correspondents all over this land and doing also a heavy business in Germany. Mr. Reed, their New York partner and active agent there, has probably transacted more business in government loans and Treasury notes than any other New York firm and is the particular friend of Mr. Cisco, standing very high as a business man. We propose to give personal attention to the business at Washington with a view to making our services valuable to yourself during the coming three or four years. Mr. A. J. Drexel (the head of the house of Drexel and Company) and myself will reside in Washington most of the time, and in this arrangement we shall include my brother, H. D., who will have a share in the profits. We would wish to make our business mostly out of the Treasury operations and we feel sure that we could by having a proper understanding with yourself greatly help you in the management of your vast

negotiations. At the same time if we could not thus prove our value to you we should not expect your continued influence and favor. You have to raise hundreds of millions. A fund of at least $\frac{1}{4}$ of one per cent. should be placed at your discretion for the purpose of carrying out such plans as cannot fail to save the government (in our estimation) ten times that amount and perhaps much more besides, insuring prompt success. We have such plans (digested) as could not fail to carry you through triumphantly. We could not be expected to leave our comfortable homes and positions here without some great inducement and we state frankly that we would, if we succeeded, expect a fair commission from the Treasury in some shape for our labor and talent. If you feel disposed to say to us, if our plans commend themselves fully to your judgment, that you will give us the management of the loans to be issued by the government during the war, allowing us a fair commission on them, subject of course and entirely to your supervision and advice, we are ready to throw ourselves into the matter heartily and will go down and have an interview with you, explain our plans and if encouraged by you go to work at once.

Henry Cooke was urged to get from Chase distinct promises of business for the new banking establishment. "Toney is not willing to form the house without some definite understanding," Jay Cooke wrote his brother ¹ and as this could not be had the plan must rest until other arrangements could be effected.

"Tell Governor Chase," said Jay Cooke in a letter of instructions to his brother in Washington, "that I hold myself at his service and, pay or no pay, I will do all I can to aid him in Treasury matters. I feel, however, that if he would give me a chance I could show him a way to raise the money."

Thus stood the Treasury and Mr. Cooke when Con-

¹ July 12, 1861.

gress met in its special session in July, 1861. Mr. Chase's estimates for the fiscal year ending June 30, 1862, called for expenditures aggregating nearly \$320,000,000 and he proposed to obtain some \$80,000,000 by taxes,—increasing the duties on imports and levying direct internal taxes,—and \$240,000,000 by loans. Congress passed the tax bills which he had recommended and promptly authorized him “to borrow on the credit of the United States within twelve months from the passage of this act \$250,000,000, or so much thereof as he may deem necessary for the public service.”¹ As certificates for this debt he might offer to lenders coupon bonds, registered bonds or Treasury notes at his choice, the bonds running for twenty years and bearing interest at seven per cent. and the Treasury notes for three years with interest at the rate of 7 $\frac{3}{10}$ per cent., convertible by the supplementary act of August 5, 1861, into six per cent. twenty year bonds. Moreover, \$50,000,000 of the whole amount the Secretary at his option, if the conditions favored it, might issue in non-interest bearing Treasury notes of a less denomination than \$50, payable on demand, soon popularly called “demand notes.” Or if he preferred he might put out Treasury notes bearing interest at the rate of 3 $\frac{65}{100}$ per cent. payable in one year and convertible into 7 $\frac{3}{10}$ per cent. three year notes. Finally to serve temporary purposes he might emit \$20,000,000 of six per cent. Treasury notes, payable at any time not exceeding twelve months from date, this being an additional grant which raised the entire amount of the loan to \$270,000,000. It was specifically stipulated that \$100,000,000 of the loan

¹ Act of July 17, 1861.

might be sold in Europe. Thus the Secretary had many alternatives and much room for the play of his individual judgment. The loan and revenue bills were of his own framing¹ and in passing them Congress had but given him the means of developing his own policies.

Until he could perfect his various arrangements and to obtain temporary relief, the Secretary resorted to the issue of short term Treasury notes, hoping with the whole loyal North that the country's affairs would early come to wear a happier aspect. The people were rudely undeceived by the news of the battle and flight at Bull Run. It aroused Jay Cooke as the tidings of the battle of Lexington stirred Israel Putnam while he was in the ploughing field in Massachusetts. "Old Put" left his furrow unfinished and rode off to the war; Jay Cooke dropped all other occupations and visited his fellow bankers and brokers.

The Philadelphia *Inquirer* had sent a young man from West Chester, Pa., to forward it the news of the "Grand Army's" triumphal progress to Richmond. After an apparent victory for the North—on Sunday, July 21st—the retreat of the Union troops was so unexpected and sudden that the war correspondent, in his great eagerness to see everything, found himself detained inside the Confederate lines, and persuaded a Federal attendant at an improvised hospital station to allow him to appear as an assistant. When the Confederates came up they were suspicious but passed Mr. Painter, whereupon he quickly determined to escape to Washington with the news of the defeat for his paper. He caught a wounded army horse which was rushing through a wood, without

¹ Schuckers, p. 220.

saddle or bridle, and mounting rode away clinging to the mane of the animal. Edmund Clarence Stedman, the poet, then on the New York *World*, was also mounted and after thrilling experiences, Mr. Painter and he reached Washington at dawn of Monday morning. Finding that a censorship had been established over the telegraph the young *Inquirer* correspondent boarded the first train going north. Because of physical tire, aggravated by the heat and dust of the long ride, he sank on the floor of the baggage car and slept until he came almost to Philadelphia. Amazed to see him at the newspaper office, the editors berated him for having deserted his post. Why was he not with the army on its way to Richmond? He said that the troops were rushing into Washington with the "rebels" at their heels. Immediately bulletins were issued and indignant disbelieving crowds collected threatening to wreck the *Inquirer* office for spreading "Copperhead news." The mayor was appealed to for police protection for the building. The young correspondent staked his life on the truth of his statements and before night there was abundant confirmation of all that he wrote.

Jay Cooke's bank was but a few doors from the *Inquirer* building. Without authorization from Chase or anyone else he set out upon his tour of the banking district in the midst of the unexampled excitement of the hour. A paper was drawn up and he collected nearly two million dollars for the government in a few hours. It was headed as follows:

11:30 a. m.

PHILADELPHIA, July 22, 1861.

The undersigned agree to advance the Secretary of the Treasury of the United States the following sums for a period of

sixty days with six per cent. interest, returnable by the government in specie or in Treasury notes bearing 7 3-10 per cent. interest at the option of the lenders.

The following signatures were appended:

C. H. Rogers, President Tradesmen's Bank.....	\$ 50,000
Joseph Patterson, President Western Bank.....	75,000
J. B. Austin, President Southwark Bank.....	50,000
Isaac Koons, Bank of Northern Liberties.....	100,000
Drexel and Company.....	50,000
C. T. Yerkes, Cashier [Kensington Bank].....	50,000
The President and the Directors of the Insurance Company of North America.....	25,000
Charles Dutilh, President Pennsylvania Company for Insurance, etc.	300,000
George K. Ziegler, President of Bank of Commerce..	50,000
E. B. Dallett, President Bank of Penn Township.....	50,000
Joseph S. Riley, Jr., Cashier City Bank.....	30,000
Delaware Mutual Safety Insurance Company, William Martin, President.....	25,000
James Dunlap, President Union Bank.....	20,000
D. B. Cummins, President Girard Bank.....	50,000
E. S. Whelen and Company.....	10,000
John Jordan, Jr., President Manufacturers' and Mechanics' Bank	50,000
A. G. Cattell, President Commercial Exchange Bank	25,000
Thomas Smith, President Bank of North America..	100,000
Joseph Jones, President Commercial Bank of Pennsylvania	100,000
Do.	25,000
Alexander Benson	20,000
Work, McCouch and Company.....	10,000
Thomas Robins, President of the Philadelphia Bank..	150,000
James V. Watson, President Consolidation Bank.....	20,000
J. Wiegand, Jr., Cashier Mechanics' Bank.....	50,000
C. and H. Borie.....	10,000
W. H. Newbold, Son and Aertsen.....	10,000

S. A. Mercer, President of the Farmers' and Mechanics' Bank	\$ 200,000
J. B. Mitchell, Philadelphia (additional)	25,000
T. C. Henry, Vice President Saving Fund Society of Germantown and its Vicinity	7,500
Total	<u>\$1,737,500</u>

The excitement was intense and the streets seethed with people. Surprise and disgust gave way to a feeling of settled determination. Mr. Cooke's friend, Henry D. Moore, the Treasurer of Pennsylvania, wrote from Harrisburg, July 23, 1861:

"I returned this morning from Broad Top to hear very bad war news. Won't this knock down our state loan and everything else? It is too bad. I have not heard the particulars but it appears to me there must have been bad management somewhere. However they have got to be licked at all costs and will be."

These words create more amusement at this day than when they were uttered. The militiamen's holiday at Bull Run was followed by years of the grimmest warfare by great armies of seasoned soldiery not anticipated by Mr. Moore, who, however, had expressed the sentiment of the entire loyal North that the rebellion must be suppressed, cost what it might.

The expenses of the war were about one million dollars a day in the summer of 1861 and they would be increased to one and a half millions during the last quarter of the year. Mr. Cooke on the day he received the news of the rout at Bull Run had anticipated Chase's course under the new loan bill and such prompt and successful action undoubtedly suggested to the Secretary a method of making similar use of the New York and

Boston banks in the emergency. Seeing what had been done by Cooke in raising money upon the security of the newly authorized three year Treasury notes bearing interest at 7 3-10 per cent. he went to New York in company with the Philadelphia financier. With Assistant Treasurer Cisco, who was well known to the moneyed men of a community in no way noted for its loyalty during the war, because of the foreign and selfish commercial influences congregating there, Mr. Chase appeared before the Chamber of Commerce and for several days sought to inspire the bankers and capitalists with a sense of their duty to the government. The banks finally associated themselves for the purposes of a loan and their representatives, in junction with committees from Boston and Philadelphia, on August 14th, contracted to advance \$50,000,000 to the Secretary of the Treasury on his warrants, he meantime appealing to the people to subscribe to the notes. As soon as they were sold by his fiscal agents he promised to pay over the proceeds to the Associated Banks. If any notes remained at the end of the operation they would be delivered to the lenders to be sold by them on their own account, or held for redemption by the government or for conversion into six per cent. long bonds. The bankers were given the privilege, although probably few of them expected to embrace it, of taking upon similar terms another \$50,000,000 lot of the notes in October and a third lot of \$50,000,000 in December. The three cities were to contribute according to their banking capital, New York taking \$35,000,000, Boston \$10,000,000 and Philadelphia \$5,000,000. These were the earliest "seven-thirties," later a famous note in the

hands of Jay Cooke and Secretaries Fessenden and McCulloch. It seems to have been Mr. Chase's idea that seven and three-tenths cents on a dollar, or \$7.30 on a \$100 bond, which was just two cents for each day in the year, would prove to be an attractive feature of the loan, but it was not until Jay Cooke established his wonderfully effective machinery for advertising government bonds and distributing them in prodigious quantities among the people that the convenient interest rate assumed any particular significance.

Mr. Cooke's recollections of the negotiation of this \$50,000,000 loan, properly considered the first of the great war loans, were vivid. He writes in his Memoirs:

"Having become favorably known to Mr. Chase, and as the result of some correspondence, he stopped on his journey to New York and called to see me, inviting me to go with him to meet the Associated Banks and to aid him in the negotiation of the \$50,000,000 he required immediately. I went to New York with him and was present at all the meetings with the presidents of the Associated Banks, giving him my advice and all the aid I could in that transaction. In those days this was a negotiation upon a gigantic scale and, being successfully accomplished, greatly cheered and comforted all the friends of the government and I have always contended that the Associated Banks deserve lasting gratitude for the support they then gave the Treasury at a most critical period. Returning to Washington, Mr. Chase met the Committee of the Associated Banks within a day or two and completed the forms of the negotiation. I was at Washington also and remember a dinner that was given at Willard's Hotel, at which I was present,

on the evening before the day the bank presidents returned to New York. Many congratulatory speeches were made, one by the president of the Bank of Commerce somewhat in these words:

“Mr. Chase, you have now received from the Associated Banks the vast sum of \$50,000,000. We all earnestly hope that this sum will be sufficient to end the war. Should it not prove enough we wish to notify you that you cannot depend upon further aid from the Associated Banks. We are glad that we have decided to come thus to the support of the government but we owe a duty to our stockholders and dare not encroach further upon their rights. We must safely guard those interests committed to our care. Therefore husband the resources under your control for this is all that can be expected of us.’

“I thought at the time that this prognostication was a fearful one but as the years passed and this \$50,000,000 was expended, and many more sums of equal amount, until nearly sixty times this sum of fifty millions had been contributed by the banks and the people the mistake became apparent. The remark of the president of the Bank of Commerce, while he was honest and sincere in what he said, testifies how little he and all others appreciated the gigantic character of the struggle impending. Alas we were to have more than four years of battle and strife in which millions on both sides were to contend and thousands of millions of dollars would be required to sustain the conflict.”¹

¹ Cf. Schuckers, p. 227, who says that Mr. Chase, when in New York, threatened the bankers with paper issues if they did not accede to his wishes. “If not,” said he, “I will go back to Washington and issue notes

So important a service did the taking of this loan seem to be in the view of the New York bankers that they assumed a kind of proprietary interest in the Lincoln administration and wished to say in what manner it should conduct the war. They had resolved "that this meeting in assuming the grave responsibility of furnishing means to sustain the government in this important crisis beg leave respectfully to express to the President of the United States its confident expectation that the government will without respect to party or personal considerations so conduct its affairs in every department of administration as to insure vigor, integrity, economy and efficiency to the triumphant termination of the war." Very soon it was urged by these interests that the President was not meeting the bankers' high expectations.¹ A delegation of them appeared in Washington making no secret of their errand. Mr. Lincoln by his management of the war had incurred their displeasure and as they were paying the costs of it they had come to recommend to him changes in his military policy.²

While on his visit to Washington Mr. Cooke was winning the confidence of and deepening his friendship with the Secretary of the Treasury. Already Mr. Chase and his daughters were visitors at the banker's home, "The Cedars," which he had purchased some for circulation; for it is certain that the war must go on until the rebellion is put down if we have to put out paper and it takes a thousand dollars to buy a breakfast." See also, Hart's *Life of Chase*.

¹ New York *Herald*, Aug. 19, 1861.

² "The fact that these gentlemen represent the fifty million which the banks have subscribed to the national loan gives them no prescriptive right to obtrude their views upon the government."—Phila. *Inquirer's* Washington correspondence, Aug. 30, 1861.

years before in the Cheltenham Hills, a few miles north of Philadelphia. On June 13th Jay Cooke wrote his brother Henry: "Kate Chase spent Tuesday night with us. She is a glorious girl." The warm-hearted financier had gathered up the Secretary himself, when he came to the city after the battle of Bull Run for a conference upon the subject of the \$50,000,000 bankers' loan, and had taken him out to "The Cedars." His little daughter Nettie remained for a visit while he and Mr. Cooke went on to New York. "Give my warmest love to my dear Nettie and kindest remembrances to Mrs. Cooke and your dear children, cordially your friend, S. P. Chase," the Secretary of the Treasury wrote to Mr. Cooke from Washington on August 16th. On September 1st she was still at "The Cedars," for Kate Chase who was in New York wrote:

My dear Mr. Cooke:

I very much fear my little sister has stayed too long with you and quite worn Mrs. Cooke's patience out. I understood you she was to go to Atlantic City and remain there with the children. . . . It will be impossible for me to leave for Philadelphia on Monday as I had expected to, because my escort has failed me. But I leave on Tuesday morning at eleven, I think. Will it be asking too much of you to send any letters that may come for me to the Continental. I am expecting orders from headquarters respecting my further movements and desired father to send them to your care.

On August 20, 1861, during Mr. Cooke's absence at the capital, in conference with Chase, his partner, William G. Moorhead, wrote as follows:

Dear Jay:

We received your telegraph. Don't leave Washington so long as your presence benefits Governor Chase, the government of



"THE CEDARS"

Jay Cooke's home in the Cheltenham Hills prior to the erection of "Ogontz"

these United States or the good firm of Jay Cooke and Company, provided nevertheless that that period extends not beyond Saturday next. The affairs of the office seem to be in proper shape. It is a loss in dollars and cents to have you absent. The boys seek no business and do as little as possible but you are on a good mission, one that must not only result to benefit of our worthy Uncle Sam, but some way or other to that of yourself and house.

It was while in Washington on this mission (August 21, 1861) that Mr. Cooke had his first meeting with President Lincoln which was always so pleasantly remembered, and of which he writes in his Memoirs:

"I was a guest at Mr. Chase's house and after a midnight session we adjourned until after breakfast the next morning. We were in his library hard at work again when at about ten a. m. a servant appeared and announced that President Lincoln was at the door in a carriage with Attorney General Bates and wished to see Mr. Chase. The Secretary very impatiently arose and went out, soon returning with the information that all the members of the cabinet with their ladies were going out to Tenallytown (some seven miles beyond Georgetown) to see General McClellan drill the Pennsylvania Reserves of 10,000 men. Mr. Chase explained to the President that I had come on from Philadelphia and that we were holding an important conference regarding a new loan. He asked therefore to be excused, but Mr. Lincoln insisted on his going, telling him to bring Mr. Cooke with him, so we finally concluded to go. Thus in this carriage we four journeyed to Tenallytown, Mr. Lincoln evidently enjoying the holiday. Seeing Mr. Bates's black hair and white whiskers and mustache I remarked to him that he reminded me very much of my father who had not a gray hair in his head, but that

whenever he attempted a beard he found that it came out white, and as he did not like such evidences of old age he did not wear one nowadays. What excited my curiosity particularly was the fact that the whiskers were gray and white while the hair of the head, presumably 18 to 25 years older, remained of an almost youthful appearance. I begged for an explanation. Mr. Lincoln here remarked, with a quizzical look across to Mr. Bates:

“‘Oh, Mr. Cooke, that is easily accounted for.’

“‘Ah,’ said I, ‘I shall be glad to know the reason.’

“‘Well,’ said Mr. Lincoln, ‘it could hardly be otherwise and the cause is that he uses his jaws more than he does his brains.’

“We all laughed heartily at this impromptu and original joke at Mr. Bates’s expense and, as I gave the substance of the above to some newspaper men the next day it was published far and wide as one of Lincoln’s original sayings.

“We soon reached the encampment and General McClellan and his fifty or sixty officers dressed in all the adornments of their rank gathered around the President’s carriage. Thus the review began and as each division of this splendidly equipped army marched by to the music of the bands General McClellan explained their character and uses to Mr. Lincoln—cavalry, artillery, sharpshooters, skirmishers and the several divisions of the regiments. It was a grand army perfect in drill and precise in every movement. After a while McClellan remarked to the President (and I was led to very deep thought thereby) that he saw before him a larger army than that employed in the late war with

McClellan

Mexico in its march from Vera Cruz and its conquest of the capital city with the celebrated forts surrounding it in the very heart of that nation. This was indeed true for General Scott's army engaged in the conquest of Mexico consisted of less than ten thousand men. I could not but be struck with the comparison and at once saw clearly that our present contest was a fearfully underestimated one, for already at that time we had over half a million of armed men on our side alone and as many opposed to us."

Jay Cooke's name was now seen frequently in the newspapers and his growing fame was viewed with the deepest pride by his father in Sandusky, Eleutheros Cooke, the old patriarch of Webster's time in American politics. On August 25, 1861, he wrote:

My Dear Jay:

Yours from the Treasury Department of the 20th was duly received. You are doing right and nobly to devote your time and talents to your country at this trying crisis of her perils and it gives me unspeakable pleasure to know that they are highly appreciated.

I hope with such pilots as yourself and Chase the good old financial ship will be able to weather the terrible storm which threatens her destruction. If to have nobly aided in furnishing the sinews of war, without which the most skilfully planned campaigns against the traitors in arms for the overthrow of the government would be in vain, can be truly said of you as we know it can, then indeed you will have achieved an honor more truly substantial than the combined glory of all the heroes in the field who are thus enabled to fight our battles and rescue our country from destruction.

It was doubtless this conviction which placed you the next day after the date of your letter in the splendid *cortège* above the military in the same carriage with the President and his two

best constitutional advisers—the place which should otherwise have been occupied by Seward—an honor to which no other civilian on a similar occasion ever attained.

I hope, my dear Jay, you will not be disappointed in your efforts to place the finances of the government upon a solid basis, though the expenditures are so immense that it seems impossible. When, however, it is considered that every thing is at stake, even the very life of the government without which all the property of the people would be destitute of protection and therefore utterly worthless, it would seem that, if necessary to preserve the republic, all the wealth and one-half the lives of the country should be freely offered.

Never, no, never, while a Northern patriot survives or a dollar of Northern wealth remains unexpended to maintain the blood-bought heritage of our fathers should we cease to defend that heritage with our property and our lives.

Mr. Chase now returned to Philadelphia, being again the guest of Mr. Cooke. On the morning of September 4th the Secretary was introduced by his host to a large number of bankers in the parlors of the Continental Hotel. The financial policy of the government was being formulated wisely and carefully after a full discussion of the situation with the leading practical authorities in the country's money centers, Mr. Cooke standing through it all at Chase's right hand. He was marked among them for his confidence and enthusiasm. Chase felt him to be a man beyond others upon whom he could lean in a time of general doubt, suspicion and fear and of particular interest were his assurances that he could sell large loans to the people.

His theories were at once to be put to a test in a small way by his appointment as one of a large number of agents, mostly state bank presidents and the officers of other financial institutions whose influence in their re-

OFFICIAL

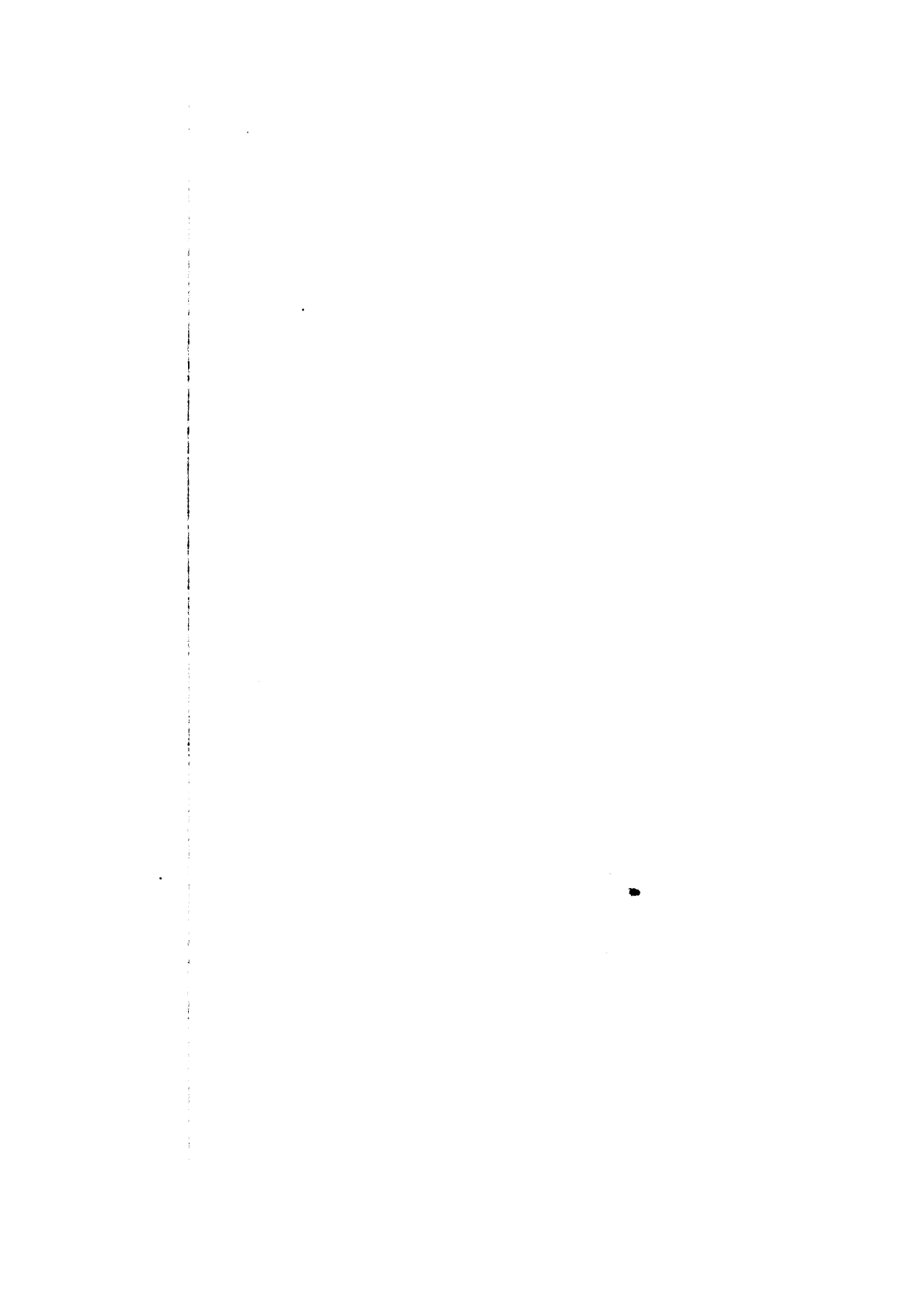
Treasury Department

September 4th 1861.

Sir, You are hereby appointed a Subscription Agent
for the National Loan, authorized by the Act of Congress of
March 18th and will receive a copy of the Act of Congress of
March 18th and will receive a copy of the Act of Congress of
March 18th

Jay Cooke Esq
Ohio

JAY COOKE'S CERTIFICATE OF APPOINTMENT AS AGENT FOR THE 7-30 LOAN OF 1861.
FIRST OFFICIAL APPOINTMENT AS A TREASURY AGENT



spective communities was thought to be large enough to insure their success in obtaining subscriptions to the loan. As has been said the "seven-thirty" notes were to be offered freely to the people in all parts of the country to recoup the Associated Banks, the agents receiving one-fifth of one per cent. on the first \$100,000 returned to the Department and one-eighth on all later amounts.

On September 5th Mr. Cooke opened his agency at the office of the firm in Third Street and began his lavish campaign with the press which so materially helped him to achieve his remarkable success. While now as later the Assistant Treasurer was his competitor the people preferred to come to him. He not only used space in the advertising columns of the newspapers, but induced the editors to publish the names of the subscribers to the loan in their news columns, except when the latter particularly desired him not to do so. Such had their contributions lumped as "cash" receipts. On September 7th Mr. Cooke wrote to Chase:

This has been a hard day. I have been at it from 8 a. m. till after 5—a continual stream, clergy, draymen, merchants, girls, boys and all kinds of men and women. Some of our citizens who came in—I mean those of mark—went out almost with tears in their eyes, so overjoyed at the patriotic scene. We gave the day almost exclusively to smaller subscribers, 106 subscribed to-day and it's no small job to explain to so many ignorant people the whys and wherefores. I am glad to say that they all went away happy and delighted and we bagged over 70,000 as the day's work.

On the same day the *Philadelphia Inquirer* said:

Messrs. Jay Cooke and Company opened their subscription books the day before yesterday and have been besieged until three o'clock each day with offers. \$100,000 of the loan was taken

by them from sixty-eight people on Thursday. One gentleman had \$10,000 in one bag slung over his shoulder. Another offered \$20,000 and many amounts were between these two figures. All classes may at last congratulate themselves that they have here found a stock that will be perfectly safe. This, especially to persons of small means who have lately been victims of swindling institutions, is a great mental relief.

Later the house was kept open from eight in the morning to five in the afternoon and on Monday evenings until nine o'clock that workingmen might bring in their savings and buy seven-thirty notes, many of whom did so. On September 13th Mr. Cooke wrote in the article in which he daily gave the list of the subscribers to the loan: "In the last six days about 800 persons have subscribed, nearly amounting in numbers to a regiment. Their charge of money bags is quite as efficient as a charge of bayonets. When it is considered that each one of these subscribers requires a verbal explanation of the loan from Mr. Jay Cooke we may form an idea of the amount of talking performed by him."¹

Of some fifteen hundred employees in the transportation department of the Philadelphia and Reading Railroad in Philadelphia about one thousand, it was announced on November 2, 1861, by an officer of the company, had become subscribers to the loan, authorizing trustees to deduct a certain sum from their monthly wage accounts for application to this patriotic purpose. Mr. Cooke raised over the door of his office an American flag upon which were inscribed the words "U. S. Subscription Agency for the National Loan." He was already impressed with the importance of exchanging bonds for the services of contractors and for military

¹ Phila. *Inquirer*, Sept. 13, 1861.

supplies, a policy which he later advocated so warmly in a larger field. On November 27, 1861, he wrote in his confident and convincing way to a firm in Philadelphia as follows:

Messrs. T. C. Henry & Co.:

Gentlemen:— I want your names on the government 7 3-10 per cent. loan subscription. A large number of the contractors have done handsomely and will do still more.

If you will subscribe \$50,000, Drexel & Co. will pay in the cash and take the notes to their own account without any trouble or responsibility to your firm, and all it will cost for the pleasure of aiding the government to \$50,000 cash, and the credit to your house of making so liberal a subscription is the one per cent. or \$500.

Without such efforts as these Philadelphia would go sadly behind.

Truly yours,

JAY COOKE,

Subscription Agent.

A place was now found for Henry Cooke, the editor of the *Ohio State Journal*. Under his brother Jay's direction he became the first travelling agent for the national loan. Holding confidential relations with the Treasury Department he was appointed to visit the western agents and arouse in them a spirit of patriotism. In a few days he was writing Jay from Harrisburg, Pa., reporting the results of his efforts among the bankers of that place, Lancaster and York. He went west by way of Huntingdon to Pittsburg, Columbus, Toledo, Indianapolis and Chicago, visiting many bankers in these and other cities. From Pittsburg under date of September 18, 1861, he wrote his brother to tell of the success attending the labors of a leading agent there:

"I find Mr. Hanna ¹ doing splendidly with his subscription. The first two days (yesterday and the day before) he realized \$260,000! He hopes to get a million. This morning he has flung to the breeze a splendid national flag, inscribed across the bottom of it—'National Loan.' He keeps the newspapers fired up daily."

Thus at the very beginning of his connection with the business of selling the government's notes and bonds Jay Cooke perceived the methods that must be pursued, if the loans were to be popularized and distributed,—the methods by which hundreds of millions of dollars were later obtained and forwarded from his office in Third Street to the Treasury of the United States. He developed his plans at his own expense. Convinced that they would succeed he risked much and proceeded to demonstrate his points to the country. Mr. Chase had allowed each agent \$150 with which to advertise the loan in his particular district, so meagre a provision that it was practically valueless. So long as he lived Mr. Cooke did not cease to marvel at the Secretary's management in this respect and although the Department was rather narrowly limited by law in expenditures of this kind the criticism was not unfair. "When it is considered that my appointment covered all the city of Philadelphia and its surrounding country in Pennsylvania, New Jersey and Delaware, where there were hundreds of newspapers in which the loan should be advertised," Mr. Cooke wrote in his Memoirs, "it is difficult to con-

¹ Joshua Hanna, a prominent Pittsburg banker, his firm was Hanna, Hart and Company. "A great friend and confidential agent of Governor Chase. Manages his private money matters sometimes."—J. C. to H. D. C., March 5, 1862.

ceive of such a minute sum being designated wherewith to accomplish so gigantic a work. The sum should have been placed at \$50,000 or \$100,000."

The financier chafed under such restrictions. He wrote to the Department asking for larger allowances but to no immediate avail, as the following letter from the Assistant Secretary indicates:

TREASURY

Sept. 20, 1861.

My dear Sir:

You say, "If I could have the privilege of paying some good common sense man to write short sentences daily for each of the papers to keep things alive, it would pay 100 per cent."

Make your proposition definite. How much pay and what mean you by 100 per cent.?

The Secretary will advance the public interests but you know as well as I that he must know just what he is sanctioning before he acts. Address him as I shall not be here.

Truly,

GEO. HARRINGTON.

Mr. Cooke also suggested to Mr. Chase greater liberality in another matter. He wished the Secretary to offer a larger commission to the country banks that they might be induced to follow the salutary example of the city banks in making useful advances to the Treasury. This plea, as most others for more generosity to those who served the Department, was ineffectual. On September 7, 1861, Mr. Chase wrote to Jay Cooke as follows:

Dear Sir:

Yours of the 5th is just received. I am much gratified by the success of your labors.

I should hardly feel justified in offering to country banks a greater compensation for advances than I offer for obtaining subscriptions. In fact so far as the labor is concerned the ad-

vance will cause less trouble to the banks than the subscriptions; and one-fifth of one per cent., added to the rate of 7 3-10 which their advance would secure to them ought, I think, to satisfy reasonable people. I am perfectly willing to give the one-fifth of one per cent., for advances and consider it as a mode of obtaining subscriptions.

Yours truly,

S. P. CHASE.

Notwithstanding these restrictions which he keenly felt Mr. Cooke sold \$4,224,050 of the first series of notes dated August 19, 1861, and took \$1,000,000 of the second \$50,000,000 lot issued on October 1st. For this work he received a commission of \$6,680.06 and an allowance on account of advertising of \$150, a total of \$6,830.06.¹

He expended his \$150 allowance, all his commissions and a considerable sum besides in advertising the \$50,000,000 loan of August, 1861, in and about Philadelphia. He frequently stated in after life that his expenditures in bringing it to the notice of the people had been \$10,000.

He furnished to the Secretary of the Treasury vouchers of sums he had paid out to promote the loan amounting to \$3,041.44 which did not take into the reckoning many unenumerated expenses. On December 18, 1861, the Philadelphia agent wrote to Mr. Chase: "I send by express the bills and vouchers . . . in the above mentioned memorandum, also a book containing copies of the various advertisements, editorial notices, etc., and of the circulars distributed from my own office. I send these as a matter of form to let you see what my course has been and by what means I have swelled up my subscriptions. If I had spent twice as much

¹ MS. Records of the Treasury Dept.

more I could have obtained twice as many subscriptions, I think."

Mr. Cooke had sold about one-fourth of all the notes that were sold by agents outside the sub-treasuries, some of those appointed not even having opened books for subscriptions, and none of them adopting his energetic methods.

This loyal, enthusiastic and successful service in the government's behalf raised him in the eyes of the Treasury Department to an eminence not enjoyed by any other American financier, and led in due time to his appointment as the sole subscription agent for national loans. A small balance of the \$50,000,000 which the Associated Banks had advanced to Mr. Chase, about \$5,000,000, was paid to them in notes, since not quite all could be sold by the methods then employed, but the bankers were persuaded to embrace their privilege and make the Treasury a second loan for a like sum on similar terms.¹ To this appeal there was dwindling public response and no disposition was manifested on Mr. Chase's part to deal more liberally by his agents. Their accounts were closed and the banks directly received practically all the securities on which this loan was based, to make use of them in their own time and in their own way. When December came and the option upon the third lot of notes of \$50,000,000 was about to expire the bankers plainly told the Secretary that they had given to the government all the accommodation of this kind which their resources would allow and his only alternative was

¹ Their profits in interest from the date of credit on their books to the date of payment of the money to the Treasury was 7 3-10 per cent. for thirty-two days or \$320,000 on the first \$50,000,000 and the same rate for fifty-three days or \$530,000 on the second \$50,000,000.

to offer them the twenty year bonds. The act of July 17, 1861, under which these various operations were conducted had stipulated that the Secretary of the Treasury might issue bonds at par "to bear interest not exceeding seven per centum per annum." Thus it was conceived and decided that if he should issue them at less than seven per cent. he might receive lower bids. Indeed this privilege was specifically accorded him by a supplementary act.¹ Fifty millions in six per cent. bonds were equal to \$45,795,478.48 in seven per cent. bonds, and while most loath to be responsible for such a loss to the government he was compelled to this course. As it was the banks were unable to fulfil their engagements to Mr. Chase on the subject of this loan. A number declined to pay in coin, which was still the medium of all public and private exchanges, and the nation at the end of 1861 was face to face with a suspension of specie payments and an era replete with the evils and dangers of large paper money emissions.

The war proceeded and promised to be fiercer and more prolonged than any but a few of the more prophetic had foreseen. Mr. Chase's estimates of income were proving by experience to have been too large: his estimates of the expenditures of the government too moderate, as the demands for armies, military implements and war supplies of all kinds increased. In the first five months of the fiscal year or up to the 30th of November, 1861, he had borrowed nearly \$200,000,000 as follows:²

¹ Act of August 5, 1861, Sec. 7.

² Report of the Secretary of the Treasury, December, 1861.

There were paid to creditors or exchanged for coin at par at different times in July and August two years six per cent. notes to the amount of.....	\$14,019,034.66
There was borrowed at par in the same month upon sixty days six per cent. notes the sum of.....	12,877,750.00
There was borrowed at par on the 19th of August upon three years seven-thirty bonds issued for the most part to subscribers to the National Loan.....	50,000,000.00
There was borrowed October 1st on the like securities	50,000,000.00
There was borrowed at par for seven per cent. on the 16th of November upon twenty years six per cent. bonds reduced to the equivalent of 7s, including interest.....	45,795,478.48
There were issued and were in circulation and on deposit with the Treasurer, November 30th, of demand notes.....	25,242,588.14
Making an aggregate realized from loans in various forms.....	197,242,588.14

This sum large as it was all clear-sighted men knew to be entirely inadequate if the government were to go forward and effect the return to the Union of the seceded Southern states. The expenditures for the fiscal year ending June 30, 1862, which Secretary Chase had estimated at \$320,000,000, when Congress met in July, he now thought would mount to \$543,000,000, calling therefore for large additional loans. He also made an estimate of the public debt at the end of the fiscal year:

On July 1, 1860, the debt was.....	\$64,769,703.08
On July 1, 1861, the debt was.....	90,867,828.68
On July 1, 1862, it would probably be	517,372,802.93
On July 1, 1862, the debt actually was	514,211,371.62

CHAPTER V

THE PUBLIC FINANCES IN 1862

When the regular session of Congress, the first of Mr. Lincoln's administration, met in December, 1861, Mr. Chase had had several months of rather dire experience as a war financier. It is not too much to say that he had exhausted the ordinary resources of his office. The credit of the government on the face of things was sensibly higher at the end of 1861 than it had been in the first months of the year. Bonds and Treasury notes bearing 7 and 7 3-10 per cent. interest were now sold in limited amounts at par while earlier in the year they could have been disposed of only at a discount. Nevertheless it was certain that little more was to be expected from the banks and while Jay Cooke's marked success in selling the seven-thirty notes to the people for specie or its equivalent was encouraging, and by more generous support on Mr. Chase's part might have been continued to the great advantage of the government, the question is very problematical. In any case the country was on the verge of a suspension of specie payments. This was a common course of procedure for the state banks in emergencies much less grave and with or without a paper money apparition they were in a technical position when this step might naturally be expected. As for outside aid it might be wholly disregarded. With the great financial influences of

Europe openly hostile loans could have been sought in vain except at very large discounts on bonds taken by usurers and speculators. The London *Economist* said about this time: "It is utterly out of the question in our judgment that the Americans can obtain either at home or in Europe anything like the extravagant sums they are asking—for Europe will not lend them; America cannot."

The London *Times* remarked to the same text: "No pressure that ever threatened is equal to that which now hangs over the United States and it may safely be said that if in future generations they faithfully meet their liabilities they will fairly earn a fame which will shine throughout the world."¹

This was the actual financial situation when Congress met in December and Mr. Chase knew very definitely and practically, what Lincoln, Seward and the other government leaders realized only somewhat less clearly, that if the nation were to survive in such a war as this one had become, new and much greater sources of income must be sought and found at once. Secretary Chase in his report to Congress at its meeting in December recommended two radical new measures, the issue of a considerable amount of interest bearing paper currency and notes to be emitted through banking associations, the germ of the idea which later bore fruit in the national banking law.

Mr. Chase at this time openly deprecated the issue of legal tenders saying that the "possible disasters so far outweigh the probable benefits of the plan that he feels himself constrained to forbear recommending its adop-

¹ Cited by Schuckers, p. 226.

tion.”¹ It is true that in casting about for useful expedients after the battle of Bull Run \$50,000,000 of so-called “demand notes,” authorized by the loan bill of July 17, 1861, had been issued by the Treasury Department. They were non-interest bearing and at first it was with the greatest difficulty that any one could be found to receive them. They could be given out in payment of government debts only after Secretary Chase, his assistant, George Harrington and other officers in the Treasury Department had signed a paper, pledging themselves to receive the new notes on their salary accounts. Shopkeepers, hotel proprietors, railway station agents and banks hesitated, or openly refused to take them against Mr. Chase’s vigorous protests.² By the supplementary act of August 5, 1861, they were made a legal currency for the payment of import duties, a very valuable advantage. Moreover the issue was so limited that no danger to credit or values could be anticipated and their superior points later became quite clear, since they soon commanded a handsome premium over other sorts of government paper money. This measure as we have noted had Secretary Chase’s cordial approval and it was only when the proposal was made to increase the emission of this kind of money and force the loan upon the country by a legal tender provision, it being assumed that no more notes of this character would be received by the people with their consent, that he expressed his misgivings. There were then in Congress, as there have been in all Congresses both before and since, many members with none of the Secretary’s con-

¹ Report of the Secretary of the Treasury of December, 1861.

² Schuckers, pp. 224, 225.

scientific qualms on the currency question. At the head of the group of men who were ready to cast to the winds the teachings of experience was Thaddeus Stevens, the powerful leader from Pennsylvania, then Chairman of the Committee on Ways and Means. It was his delight to pour the vials of his vehement ridicule upon the natural safeguards of wise governments and honest nations on the subject of money. He was supported by such members as Elbridge G. Spaulding of New York, who has rather proudly taken to himself the credit for the policy which was soon to be inaugurated¹ and the course of military events was such that the country was swept quickly, perhaps imperatively into the legal tender issues. The greenback was then and for years afterward one of the most hotly and ill-naturedly debated subjects in the financial policy of the United States, and it will always remain a nice problem to argue whether by pursuing any other course the Northern leaders could have prosecuted the war. It is to be remembered that it was one of the great wars of the world. Usual methods could not avail and those who best knew of the practical difficulties which beset the government day by day were willing to take not too much account of science and system, or humor their predilections in favor of an ideal if by some expedient they could effect a grand result. It is plain that the Treasury, and through it Lincoln and the War Department, could have gone on no longer without an important financial device which would prove immediately available.

¹ E. G. Spaulding, *History of the Legal Tender Paper Money Issued During the Great Rebellion being a Loan without Interest and a National Currency.*

Convincing himself that his national banking law could not soon be passed Mr. Chase was rapidly converted to the views of the legal tender men. Nothing more could be done under the law of July 17 or by any similar measure in the existing state of affairs,¹ and the new proposal took the form of a bill authorizing an emission of \$50,000,000 (raised to \$150,000,000) of greenbacks made a legal tender by government fiat for all purposes except the payment of import duties and interest on the debt, with an issue of six per cent. bonds redeemable in not less than five nor more than twenty years, the currency being convertible at the will of the holder into the interest bearing securities. There was a prejudice both North and South against legal tender paper² and a deep-seated doubt as to the constitutionality of legislation authorizing it. The plea was the necessity of the hour; it was defended even by those who seem to have known the least of the evils of debased standards, such as Stevens and Spaulding, as a war measure. Mr. Spaulding wrote on January 8, 1862, that it was "a measure of necessity and not one of choice. We will be out of means to pay the daily expenses in about thirty days and the committee do not see any other way to get along till we can get the tax bills ready."³ Mr. Chase still regretted the proposed step but on January 22, 1862,⁴ promised his co-operation. A week later (January 29) he wrote that "the condition of the Treasury certainly needs immediate action"; it was "impossible," said he, "in consequence of the large expenditures

¹ Spaulding, p. 32.

² J. C. Schwab, *The Confederate States of America*, p. 88.

³ Spaulding, p. 17.

⁴ *Ibid.*, p. 27.

entailed by the war and the suspension of the banks to procure sufficient coin for disbursements." It had become, he continued, "indispensably necessary that we should resort to the issue of United States notes."¹ On February 3d the Secretary wrote to Mr. Spaulding and concluded his letter with these earnest words:

"Immediate action is of great importance. The Treasury is nearly empty. I have been obliged to draw for the last installment of the November loan, so soon as it is paid. I fear the banks generally will refuse to receive the United States notes. You will see the necessity of urging the bill through without more delay."²

The real and grave danger of the situation could not be exaggerated and this was the argument used in behalf of the bill, helped forward by fervent appeals to patriotism such as these of Mr. Kellogg, of Illinois, who said:

"Mr. Chairman, I am pained when I sit in my place in the House and hear members talk about the sacredness of capital; that the interests of money must not be touched. Yes sir, they will vote six hundred thousand of the flower of the American youth for the army to be sacrificed without a blush; but the great interests of capital, of currency, must not be touched. We have summoned the youth; they have come. I would summon the capital; and if it does not come voluntarily before this republic shall go down or one star be lost, I would take every cent from the treasury of the states, from the treasury of capitalists, from the treasury of individuals and press it into the use of the government."³

Thus the first legal tender bill passed the House of

¹ Spaulding, p. 45.

² *Ibid.*, p. 60.

³ *Ibid.*, p. 76.

Representatives on February 6, 1862, to meet in the Senate the same antagonism from sober heads, finally overcoming all its enemies through the arguments which prevailed in the other branch of Congress, although the senators insisted upon a clause requiring the interest on the bonds to be paid in gold, and provided means for the accomplishment of this necessary object which in conference took the form of a stipulation that only gold (and the demand notes of July 17, 1861) should be receivable at the custom houses. The imports it was thought would always be large enough to insure a sufficient gold income, if it were set aside and applied to this use as the law required it to be, to pay the interest on the national debt. On February 25, 1862, the legal tender act became a law.

Meantime on February 12, 1862, the needs of the Treasury were so urgent that Congress at Secretary Chase's solicitation had authorized a supplementary issue of demand notes of \$10,000,000, bringing that emission to \$60,000,000, and on March 17th Congress gave a legal tender quality to this money which being receivable like gold in payment of import dues it seems not to have needed. Throughout the war these notes followed gold in its spectacular fluctuations in New York City because of their value at the custom houses.

One step on the way to evil easily leads to others. Though Mr. Chase was a reluctant convert to the legal tender and the leaders in Congress when the first law was passed in February made fair promises for the future it was less than five months, on July 11, 1862, until a further emission of "United States notes" (greenbacks) of \$150,000,000 was authorized, thus doubling

their amount. This currency was issued promptly and almost to the full limit of the grant to replace the demand notes which were being burned as they came in, and in payment of the government's pressing obligations, going then to fill the general founts of money in all parts of the country.

In this way the government was saved the humiliating and costly operation of "shinning" through the "shaving shops of New York, Boston and Philadelphia," as Mr. Spaulding described the operation of negotiating the national loans whereby government stocks would be "knocked down to seventy-five or sixty cents on the dollar."¹ Its authors argued not only that the policy was a temporary one, forced upon the country by hard necessity but promised that they would recommend no farther going on the evil road. Those who opposed it, such as Mr. Morrill of Vermont, had no more effective argument than their expressed conviction that the war could be ended "by the 30th of July next as well as in thirty years." "The ice that chokes the Mississippi," said he, "is not more sure to melt and disappear with the approaching vernal season than are the rebellious armies upon its banks when our western army shall break from its moorings and rush with the current to the gulf and baptize as it goes, in blood, the people to a fresher allegiance."

Mr. Morrill and those who thought as he were false prophets and the legal tender men were at the moment triumphant. Mr. Spaulding's fear that government stocks would be "knocked down" to seventy-five or sixty cents on the dollar was not realized; they escaped this

¹ Spaulding, p. 21.

fate. Standards were changed and money was made plentiful; prices rose and values were readjusted. Bonds were sold at par, not the par of 1860 and 1861 but at the new par in legal tenders, and who will say that the deception did not greatly facilitate the operations of the Treasury Department? Was not the thought that United States stocks were being taken at their face value, even when they were selling actually at but forty or fifty cents for the dollar's worth of gold, productive of a feeling of confidence which was of value in bringing the war to its end? President Lincoln retained McClellan at the head of the Army of the Potomac when his usefulness had ended, ordered and delayed military movements in answer to public opinion, sent soldiers home to vote, reprimanded eager Abolitionist generals like Frémont for freeing slaves and postponed emancipation because of the knowledge that he was the chosen head of a democracy. The war could not be successfully waged without the support of the people of the North who were frequently expressing their sentiments at the polls. The legal tender currency when the last word is said, whatever else it was, will be understood to have been a device of this class. Come what might the government's credit was kept at a fairly steady level in terms of greenbacks. The people believed that the finances of the nation were in a sound condition so long as bonds were not sold at a discount and loans were not negotiated at an exorbitant rate of interest. It is true that a railing fire was for a long time directed at Secretary Chase and the legal tender policy.¹ The declaration is made that the ex-

¹ See Simon Newcomb, *A Critical Examination of our Financial Policy during the Southern Rebellion*; W. G. Sumner, *History of American Currency*; Horace White, *Money and Banking*.

penses of the war should have been met by taxing the people at some burdensome rate—which would have converted them into Copperheads; that the government should have continued specie payments—when specie was unobtainable; that loans should have been contracted at the discounts demanded by lenders—however usurious. All this and much more doctrinaires said, or would have us infer, should have been suffered by the nation rather than do violation to its monetary standards. The resumption of specie payments, though at a late day, and the liquidation of the Civil War debt in gold made the policy seem but the temporary aberration which it was meant to be. It may have been unconstitutional. At least this was the view taken by Mr. Chase himself, as Chief Justice, in his famous decision in the legal tender cases.¹ “It is not surprising,” said he in that opinion, “that amid the tumult of the late Civil War and under the influence of apprehensions for the safety of the republic, almost universal, different views never before entertained by American statesmen or jurists were adopted by many. The time was not favorable to considerate reflection upon the constitutional limits of legislative or executive authority. If power was assumed from patriotic motives the assumption found ready justification in patriotic hearts.” Nicolay and Hay would seem to express the rational historical judgment on this subject when they say: “It will probably be the verdict of posterity as it was the opinion of the ablest statesmen of the time that the legal tender act was a necessary exercise of the powers of government in a time of supreme emergency, that the result of that

¹ 8 Wall, 625.

act was all that its advocates hoped for in sustaining government in a period of vast and compulsory expenditure, and that the evils which grew out of it, great as they unquestionably were, were not so disastrous as intelligent economists at the time apprehended.”¹

Other measures characterized the government's financial policy in 1862 and forwarded the operations of war, the chief among them being the temporary loan system and the issue of the so-called “certificates of indebtedness.” It was at the suggestion of John J. Cisco, Assistant Treasurer of the United States at New York,² that Secretary Chase early in 1862 adopted the policy of receiving on deposit, subject to withdrawal after thirty days on ten days' notice, the temporarily idle funds of banks, corporations and individual capitalists. The maximum rate of interest which he was authorized to pay such depositors was five per cent. and in the later years of the war six per cent. By the legal tender act of February 25, 1862, the amount of such deposits which the Secretary could receive was fixed at \$25,000,000, being increased to \$50,000,000 on March 17, 1862, and to \$100,000,000 on July 11, 1862, when the second legal tender bill was passed. Later the limit was raised to \$150,000,000 and at one time the government obtained the use of as much as \$120,000,000 through this device.³

One week after the first legal tender bill was passed, on March 1, 1862, authority was conferred upon the Secretary of the Treasury⁴ to issue “certificates of in-

¹ Vol. VI, p. 237.

² Schuckers, p. 268.

³ *Ibid.*, p. 270.

⁴ Amended by act of March 17.

debtedness," another kind of fiat currency very disturbing to standards of value. The aggregate amount of these certificates to be outstanding at any time was unlimited and it was no more or less than the conversion of government debt into interest bearing securities which passed current among the people, a familiar device in war finance.

In the meantime, while the waters were in flood in financial channels Jay Cooke was frequently in conference with Secretary Chase. They were in complete understanding and Mr. Cooke busied himself early in 1862 in strengthening his position for the demands which he foresaw would be made upon his house. By this time he had positively declined the appointment as Assistant Treasurer. Mr. Chase had been subjected to some criticism for his course in reference to this appointment and the friends of the occupant of the office, James H. Walton, warmly defended him against charges which in the newspapers at least were made the grounds of his removal. On October 23, 1861, Mr. Chase wrote to Jay Cooke still expressing a hope that he would reconsider his determination not to serve the government as its Assistant Treasurer in Philadelphia:

My dear Mr. Cooke:

Your note is just received and I return the papers with a slight alteration.

I have no personal anxiety for defence; but do wish to feel myself that I have done what I *ought* in my place in deference to the Republican organization as well as to the whole People:

Had I not nominated a successor to Mr. Walton, and had not the President made an appointment accordingly, I should not on the whole think it best to create a vacancy, unless sure to fill it by a gentleman much more useful to the government. As

things are, however, I cannot recommend the retention of Mr. Walton and the President desires, if you do not accept the appointment yourself, to appoint Mr. Allison of Beaver, formerly M. C. from that district. Mr. A— is a competent man, a gentleman and irreproachable as I believe. I do not know that he has any great financial ability and in this respect his appointment will not fulfil my wishes. In every other respect I shall be satisfied with him.

If, therefore, you cannot make up your mind to accept, the matter may be considered as settled unless some objection to Mr. A's appointment presents itself to your mind which has not occurred to mine.

Tell Kate if you get this in time, to give a look at Philadelphia carpet stores and furniture establishments before she goes to New York.

You must write plainer. The chief clerk at the P. O. Department mistook your J. B. Moorhead for Mr. Bellowhead.

Can you find me a coupé, light, strong, shutting up close, for one horse, neat yet fit for office work at say \$250 to \$300.

Yours truly,

S. P. CHASE.

· Mr. Chase wrote again on this topic in a letter without date: ¹

(Private)

My dear Mr. Cooke:

Enclosed is an article from the "News." Please see Mr. Mercer, Mr. Patterson and Mr. Thomas, the Collector, and pick out some good Republican for Assistant Treasurer, but let him be a first class man.

I wish you would take the place. Can't you have some proper answer made to the article, that a Republican was appointed early — that he did not accept — that Mr. Walton is loyal — that under changed circumstances there was no need for haste in making a change, etc.

¹ The following letter relating to this appointment was addressed to Mr.

The suggestion of Mr. Chase that he would like Jay Cooke to purchase and forward him a coupé was productive of new personal relationships which sufficiently well illustrate the variant dispositions of the two men. While the Secretary of the Treasury seems up to this time to have been very responsive to Mr. Cooke's friendly offices to him and his daughters—which were not reserved for Secretaries of the Treasury, as those who knew him fully understood, for they were tendered to all his fellow beings so long as he lived—Chase now developed a sensitiveness to attention lest it be offered with a view to unfair rewards. He had eagerly sought Mr. Cooke's counsel and aid in the formulation of his financial policies, but some newspaper criticisms were lashing him into anxiety lest his friendship for a banker would become a subject for public criticism. He was very unhappily impressed by Mr. Lincoln's rude western anecdotes. Like Jay Cooke he was without a single

Chase and was forwarded to Jay Cooke:

PHILADELPHIA, 18-8, 1861.

Dear Sir:

In common with all men who are intimately acquainted with Jas. H. Walton, I have been astonished at the recent accusation made against him of sympathy or complicity with traitors.

My acquaintance with Mr. Walton was made in the Senate of Pennsylvania, where we served together three years. Our relations there, in spite of a diversity of political opinions, were intimate and confidential and have remained so ever since. Those relations could not exist if he held a single sentiment in common with the black-hearted villains who are now striving to overthrow the government. I assert positively that Pennsylvania contains no more loyal citizen. He has never uttered a word nor ever entertained a thought that was not true to his country. No man of his party has been more open in his denunciation of the vile dough-faces in Northern States who are still able to find excuses and palliations for theft, piracy and treason. I write this without solicitation to render justice to one who needs no other vindication than his own past history.

Yours respectfully,

DAVID TAGGART.

vulgar impulse. He had seen enough to be convinced that he was a greater man than the President in more than one regard and he was putting himself in the way of gratifying, in 1864, that ambition which had been ungratified in the national conventions of 1856 and 1860. His stoical nature was asserting itself in his relations with Mr. Cooke with a result which, but for the remarkable humility of heart of the financier, and his willingness to admire the Secretary, in spite of his moods, might have deprived the country of the services of a man who was soon to prove himself one of its greatest benefactors.

On October 25, 1861, Mr. Chase writes:

My dear friend:

The tenor of your note leads me to fear you are under some misapprehension about the coupé. What I want is a plain and light but substantial concern — not heavy, for one good horse — so constructed that two persons can ride in it protected from the weather with a neat seat for the driver — in one word, comfortable but not showy or costly.

Mr. McIntire¹ will be appointed, I think.

Mr. Cooke in his generous way bought the carriage and forwarded it paying for it out of his own purse, and Chase wrote:

WASHINGTON, November 21, 1861.

My dear Cooke:

I have not seen the coupé you were kind enough to send me and have not yet determined whether I shall put it to public or

¹ Mr. Walton's office, after Mr. Cooke declined it, was offered to Joseph Patterson, President of the Western National Bank of Philadelphia, who also would not take it. At length it was tendered to and accepted by Archibald McIntyre, a retired business man of the city whose name had been suggested by Mr. Cooke and with whom, through the sub-treasury the financier as the national loan agent was later to have dealings of much magnitude.

private use. In the latter case as I find my expenses overrun my income I shall be strongly tempted to accept it as you offer it, but I must not. A public officer while in office must accept no presents beyond those which the ordinary intercourse of society prompts and allows from friend to friend.

My cares press me apparently with increasing weight. But the mail must close and so must

Your friend,

S. P. CHASE.

Mr. Cooke had gone all over the city with Mr. Moorhead who was considered the better judge of *equipages de luxe* to choose a suitable vehicle for the Secretary, and Kate Chase, who was then in Philadelphia, accompanied them on some of their visits to the carriage shops.

Another letter must be inserted to make complete the record of this little personal exchange:

WASHINGTON, December 16, 1861.

My dear Mr. Cooke:

Your very kind note — just like yourself — came only this morning. You must remember that I rarely get letters written on Saturday till Monday but it was not the less welcome because of the little delay. I only wish you had come instead of the letter.

I am glad you are going to establish a bank here and shall be still more gratified if it is founded on my plan. It would delight me to have it the first of the kind.

As to the Associated Banks no one could be more cordial than I have always been in the acknowledgment of their services. They have done well and I have endeavored to make their connection with the Department profitable as well as pleasant. If I have failed to meet their views in all respects they ought to use consideration and reflect whether in my place and with my obligations they would have acted otherwise than I.

Nettie comes home Christmas. I have written her to come with Mr. H. D. C—'s on Friday when her school terminates.

Can you not come through with her on Friday night and spend Saturday and Sunday with me?

I find the coupé you sent me too light for my purpose. Will you be displeased with me if I send it back, thanking you most sincerely for your kindness in sending it and for your kind intentions. I had come to the conclusion to allow Katie to accept it as the gift of yourself and Mr. Moorhead but as it will hardly bear the service to which it must be subjected it is best to return it unless the carriage maker is unwilling to receive it.

Give my best regards to Mrs. Cooke, and believe me,

Most sincerely your friend,

S. P. CHASE.

P. S. The coupé has not been used except to be taken out once from my house to the Dept. with Mr. Harrington and myself in it.

When you come, come straight to my house.

Thus was the coupé rejected but it was not long before Mr. Cooke found new opportunities to gratify his generous instincts. Miss Kate Chase ordered bookshelves while she was visiting at his home in Philadelphia and the fact coming to his knowledge he did not permit the young lady to see the bill. In expressing her gratitude to him she wrote that she would be "very careful" in future "how I leave orders at your house."

Mr. Cooke was still revolving in his mind the question of establishing a banking house in Washington. His negotiations with the Clarks and A. J. Drexel having come to naught, in the first case because Edward Clark was unwilling to spare his brother Clarence to go to Washington, and in the case of Mr. Drexel because of his indisposition to make the risk unless he was in receipt of positive promises of business from the Treasury Department, Mr. Cooke laid his plans to take the step upon his own account. He had this course in mind

when on his visit to Washington in August, 1861, for Mr. Moorhead wrote to him at that time:

If you conclude to establish a branch in Washington I will agree to spend the winter there. I will get out of the railroad and be free to aid in anything you undertake. My own convictions are that we could do a very fine business there — in connection with the house here. Henry D. might be established and thus accomplish a good end. With your financial abilities, and the capital and credit our house commands, a good harvest should be gained under existing circumstances.

● In telling his brother Henry of Drexel's decision not to take part in the venture Jay Cooke mentioned the name of one whom he thought might be drawn into the arrangement. This was Harris C. Fahnestock of the Harrisburg Bank, a nephew of J. W. Weir, its cashier. Fahnestock had been actively employed in the sale of the \$3,000,000 Pennsylvania state loan and had won Mr. Cooke's good opinion in that and earlier transactions. He therefore addressed Mr. Fahnestock on the subject and that young man being willing to join Henry Cooke at Washington, he definitely determined before the end of 1861 to open a house in that city, although he was not without doubts of the success of the adventure.

On December 22, 1861, his father wrote him from Sandusky:

I regret to hear you express any misgivings on the subject of the Washington bank matter. . . . True the times are fearful. But it is in just such times when an enterprise like this, with a skillful pilot, will be sure to be rewarded in the exact ratio of its peril. . . . The fact that the movement meets the approval of the Secretary of the Treasury is worth more, as you will find than you seem now to estimate. I know from Sakey [Mrs. Wm. G. Moorhead] the exalted opinion which Governor Chase has of you and your financial skill.

The partners in the new house were to be Jay Cooke and William G. Moorhead, the Philadelphia partners, Henry D. Cooke, Harris C. Fahnestock and J. W. Weir. Henry D. Cooke and Fahnestock were to reside in Washington and have the practical direction of the office, Fahnestock having a one-sixth interest without contributing capital. Mr. Weir was tendered a one-twentieth interest in the net profits "in consideration of his influence," as Jay Cooke wrote, "and the fact that he can do the new concern in many ways the same good that a special partner could."

Mr. Cooke suggested that as Fahnestock was "afflicted" with a long name the title might well be Cooke Brothers and Co. Mr. Fahnestock assisted by Mr. Weir sought to secure somewhat better terms but the financier explained that "the one-sixth profits to a party without capital who has a guarantee of his full expenses" was quite liberal. As a young man he had joined the Clarks for one-eighth and with no guarantee. Mr. Weir computed that Cooke, Fahnestock and Co. was a title containing but two letters more than Cooke Brothers and Co. but the house was destined to bear the name of the Philadelphia firm, Jay Cooke and Co., the "afflicted" Fahnestock being soon reduced to "Fahny."

Perhaps Mr. Chase was not entirely in earnest, as he was at a later day, when he made the suggestion, but there was at least a chance of his joining Mr. Cooke as a partner in the banking business either at Philadelphia or Washington. In the midst of much trouble he concluded a letter to Mr. Cooke on December 23, 1861:

What is indispensable is such retrenchment as will bring the payments within means immediately at command. I fear it is

too late to accomplish this within any very short period. But steps must be taken toward it such as will restore confidence, or I must cast off the responsibility and *go into your firm*.

With most cordial regards,

Yours faithfully,

S. P. CHASE.

For the Washington house satisfactory quarters were secured at 452 15th Street opposite the Treasury Building. It was February, 1862, before the counters, desks, books and safes were in their places and the doors could be opened for business and Jay Cooke was soon responsible for the acts of two very active and inexperienced young bankers. They wrote and telegraphed to Philadelphia with more ardor than settled judgment. The firm's head was apprised of their smallest movements; he was compelled to counsel them in regard to matters with which he should not have been annoyed, although they gained in assurance at a rapid rate. Henry D. Cooke came and went at Mr. Chase's house and office almost as an assistant or a private secretary and in this way learned much that was of the greatest value to a banking house. He remained on terms of warm intimacy with John Sherman and through him closely followed the doings of Congress. The Washington house transmitted to Philadelphia the earliest advices concerning military movements, of so much influence in deciding the course of prices in stock exchanges, and it could also urge the Treasury Department to make prompt deliveries of notes and bonds which had been disposed of by the Philadelphia house, transmit them as Philadelphia directed to those to whom they had been sold and attend to the payment of the moneys which were soon collected in large amounts from the subscribers to government loans.

Mr. Chase himself was early enrolled as a depositor of Jay Cooke and Company's Washington branch; many officers of the government of different ranks opened accounts with the house and connections were established far and near which put its prosperity beyond the range of doubt.

Henry D. Cooke actively identified the firm with the interests of the people of Washington by piloting through Congress a bill to authorize the construction of the first street railroads in the national capital. Jay Cooke then organized the Washington and Georgetown Street Railroad Company. Stock was taken by both the Cooke houses, by Drexel and Company and the Clarks in Philadelphia and by a number of Washington capitalists. Secretary Chase accepted the invitation to become a stockholder and again had a vision of resigning from the Treasury Department ¹ to take the presidency of the organization but Henry D. Cooke was elected to this office. On July 11, 1862, President Cooke with a party of newspaper men made the first trip over the tracks. The cars were run from the Capitol to Willard's Hotel, and a few hours later both houses of Congress were asked to take the ride, many members availing themselves of the opportunity. The line was laid up to the

¹ Chase wrote to Jay Cooke on May 31, 1862: "It gives me real pleasure to see the prompt manner in which you secured the control of the Washington City Railway to good hands. This town will have reason to thank you and I hope you will realize all the benefits you expect from it. I told Henry D. that I was strongly inclined to resign as Secretary and take the office of President of the company but believe I will hold out where I am, till I see my whole scheme of finance realized, if it is to be realized at all. Meantime I am much obliged to you for allowing me to come in as a stockholder. I wish I could get all my little property into productive form and my debts paid. I should then feel quite independent."

White House but the curves at the street corners were not yet finished and a fortnight or more elapsed before Henry Cooke could write to his brother in Philadelphia: "Our railroad now runs regularly from the State Department to the Capitol. Yesterday's receipts were \$350 including the omnibuses, the railroad adding over \$100 to the receipts. We carried about 2,500 passengers on nine cars, making about twelve round trips each. We will do better to-day and when the line opens to Georgetown our receipts on that single route will reach not less than \$500. You will also bear in mind that this is the dullest season in Washington."

On the portions of the road open for traffic at the end of August, 1862, Henry Cooke computed the net earnings on the investment at 36 per cent. and when the 7th and 14th Street lines were completed the camps and hospitals in the outskirts of the city made a great deal of business for the company.

Governor Chase, with the zeal of the true Abolitionist, urged Henry Cooke to remove the restrictions in reference to negroes who were not allowed to ride in the cars. On September 1, 1863, the Secretary wrote this ringing letter to Jay Cooke:

Let my first letter of this month be a remonstrance against meanness and oppression. Why cannot colored people ride in the Washington and Georgetown Street Railroad cars? Who volunteers nowadays except colored men? And do they not volunteer under circumstances in which no white man would volunteer? The compensation of the colored man is ten dollars a month, the white man's thirteen; the white regiments are officered by whites; no commission in a colored regiment is given to a colored man; the white private may hope promotion — the colored soldier can hope none as laws and regulations now

stand. Yet the colored men are coming to the standards with a degree of alacrity and earnestness which do them honor. Banks writes he could not have taken Port Hudson without his colored recruits, Grant writes that the colored regiments are indispensable. I repeat why cannot people of this race ride in the W. & G. Street R. R. cars? Their exclusion is a shame and disgrace. I see in the Star a statement that the company is getting cars for their use. What kind of cars? If poorer than the others I desire as one of the stockholders of the company to protest against it. If the colored people are to be confined to special cars let them be better than the others so as to compensate in some measure for exclusion from the others by superior accommodation. But have no such cars. Let all cars be free to all. Let all decent people ride in any car convenient when they get it. What is to be feared if this simple and just rule be adopted I know not, but of this I am sure that nothing is so much to be justly feared as the doing of injustice and the acting of meanness. *You* can stop it on these cars. Stop it then I pray you.

The board of directors refused to raise the prohibition in answer to Secretary Chase's warmly philanthropic plea. The Washington office very soon sold its stock, although it was a quite profitable investment, and Henry Cooke resigned the presidency because of the lobbying in behalf of the line which was required in Congress and the knowledge that he must face the issue of running the cars on Sunday, a course for which he wished not to be responsible, being like his brother Jay strict and dutiful in his religious observances.

While issuing legal tenders, certificates of indebtedness, and receiving temporary deposits, Secretary Chase sought further support from the loan act of July 17, 1861. He again established official relations with Mr. Cooke, whose appointment to this new agency was

made on March 7, 1862. The commission was as follows:

Treasury Department.

March 7th 1862

Sir
You are hereby appointed Subscription Agent for the National Loan, authorized by the Act of Congress of 17th July 1861. You will accept subscriptions under such instructions as may from time to time be given you. A Blank Bond for such agency is herewith enclosed in the penal sum of one million dollars.

Very respectfully,
Your obt. servt

S. P. Chase
Secretary of the Treasury.

Jay Cooke Esq
Philadelphia
Pa

[TREASURY DEPARTMENT,

March 7th, 1862.

Sir:

You are hereby appointed Subscription Agent for the National Loan authorized by the Act of Congress of 17th July 1861.

You will accept subscriptions under such instructions as may from time to time be given you. A Blank Bond for such agency is herewith enclosed in the penal sum of one million dollars.

Very respectfully,

Your obedient servant

S. P. CHASE,

Secretary of the Treasury.]

Jay Cooke, Esq.,
Philadelphia, Pa.

Some of Mr. Cooke's friends were now making it as difficult as possible for him to continue his career as a

government financier. One million dollars was a large sum for a bond, since the balance in Mr. Cooke's hands at any one time on this operation could not well reach that amount. At least one whom he had come to account a friend, refused his request when he asked for a renewal of an earlier favor. The letter was as follows:

PHILADELPHIA, March 14, 1862.

Dear Jay:

W. G. spoke to me yesterday in regard to your new responsibilities to the government. I went on your first bond cheerfully from the fact that at that time the business was to be conducted in your own office and under your own immediate supervision which fact had my entire confidence. I look upon the proposed arrangement as being under different circumstances. Besides I have lately resolved and determined to relieve myself from the heavy liabilities under which I have been resting. I have been warned to this from the late sad evidences we have had of the uncertainty of life. I hope you will not suppose I have any less confidence in you personally than heretofore. I am not ambitious to make money or take risks. You do not take risks without a pretty good prospect of making money. I must therefore ask you to excuse me for declining in this instance for the reasons above set forth.

President Mercer wrote asking Mr. Cooke to "reduce" his outstanding account with the Farmers' and Mechanics' Bank. "We cannot carry so large an amount with our present understanding without loss and inconvenience," said he. "It must come down and without smashing any crockery. I ask you to bring it down so as not to exceed one-half of the present balance."

Of this fibre were the financiers in Mr. Cooke's own city, and it is not surprising perhaps that the New



BANKING HOUSE OF JAY COOKE AND COMPANY
On South Third Street, adjoining the Girard Bank, Philadelphia

York bankers, of whom his partners sometimes thought so badly, did not warmly co-operate in forwarding his measures for befriending the government in the time of its great need. Again, as before and later, frequently, Mr. Cooke permitted no obstacle to interfere with the attainment of his ends. Nor did he harbor ill feeling against those who sought to impede his progress. He swept the firmament with a large glass and the doubts, fears, suspicions and incivilities of those about him were not allowed to disturb his personal composure.

No large operations were possible at this period under the law of July 17, 1861, although Mr. Chase had the time limit of the grant extended, but Jay Cooke bought coin for the government to enable it to pay the interest upon the public debt,¹ negotiated certificates of indebtedness for the Treasury Department to protect the national credit, conferred with the Secretary both in Washington and Philadelphia, regarding his future policies, and carried on a large private business into which he had been helped by his official connections, so widely advertised. While Henry Cooke and Fahnestock wrote frequently from Washington that the government was "hard up,"

¹ In a letter to Henry Cooke on March 4, 1862, Jay Cooke wrote as follows:

"I have your private note of yesterday in relation to purchase of gold and sale of 7 3/10. You must express to Gov. C. my appreciation of his kindness and confidence. We must all study by our watchful care the interests confided to us to justify this confidence and to show him that the Treasury is a gainer by our confidential connection with it. I know we can transact all these various confidential matters on the very best terms and that we can give entire satisfaction. I want the Governor to trust to our good management, integrity and skill and I pledge myself that he will have no cause to regret his confidence . . . You can tell him I will give it my personal attention and not even the clerks or any one shall know for whom we are operating."

“strapped” and “broke”; that the Treasury was “awfully empty”; that its officers “grab for every dollar they can get to keep the wheels moving,” relief during the spring and summer of 1862 was found chiefly in new issues of legal tenders and the certificates of indebtedness. In dire emergencies such amounts of unissued seven-thirties as could be easily marketed were sent for sale to Mr. Cisco, in New York, or to Jay Cooke, in Philadelphia. On March 22, 1862, Mr. Cooke received the following letter from Secretary Chase:

You are authorized to dispose of \$750,000 three years 7-30 bonds at par. It is desirable in order to make immediate provision for payment of some troops going in the field to obtain the money as soon as possible. You will of course observe former instructions as to such operations in the disposition of these bonds as not to affect unnecessarily the market.

In authorizing Cooke to protect the certificates of indebtedness from depreciation, Mr. Chase wrote on April 11, 1862:¹

It is important to the government as well as to the contractors and others who have received certificates of indebtedness in payment of claims that persons obliged to sell shall find a market without being compelled to sacrifice, and it is believed that the judicious employment of (say) a million dollars in purchases will bring them up to par or nearly. If you concur in this opinion you are authorized to make purchases at any rate up to $99\frac{7}{8}$ and all your purchases will be taken of you at the rate actually paid, and $\frac{1}{8}$ of one per cent. additional as compensation. This authority is limited to one million of dollars and you will report from day to day the amount purchased and the numbers of certificates and the rates paid. You will be allowed interest on the certificates purchased from date of purchase to redemp-

¹ MS. Treasury Records.

tion by the department. This authority is given in strict confidence.

With great respect,

S. P. CHASE.

During the next few days, Mr. Cooke bought about \$700,000 of the certificates at from 97 to 98. His power was extended in the additional sum of \$500,000 on May 1st, and at several times throughout the year, upon the financier's advice, this policy was pursued with great advantage to the public credit. In October, Mr. Cooke also recommended the purchase of '81s, the bonds which were issued in 1861, when the Associated Banks would receive no more of the Treasury notes, and which had been sold from time to time, as the market would absorb them since that date, but Secretary Chase demurred. He said:

"It might be very useful to purchase some of the 1881 6s as you suggest but I should not feel warranted in making an order to that effect at present. The case is different with the certificates. It is of great importance to the public creditors, and of course to the government to sustain them."¹

Mr. Cooke in this period intervened on his own account in a number of ways to guard and strengthen the credit of the government. Without such watchfulness on his part, the movement of the markets would have caused the Secretary of the Treasury much embarrassment. Nevertheless this and similar patriotic services performed freely throughout the war without waiting tediously for official authorization, often grudgingly given, did not save him from a reprimand.

¹ To J. C., Oct. 24, 1862, Treasury Letterbooks.

Because he had delayed for a few days the return of some part of the proceeds of a sale of bonds, using the money to support the credit of another issue in a falling market, Mr. Chase although not doubting that the operation was "beneficial" to the government, wrote as follows:

"It may appear to you that I am somewhat precise and technical but you will remember that I am not acting for myself, and must therefore see that all business is so transacted, that the record of it will be clear and subject to no misconstruction. I need not add that I have every confidence in your business sagacity, and your zeal for the public interests. All I ask is that you will remember that in transactions for the Department form, if not as important as substance, is too important to be disregarded."¹

Unquestionably 1862 was the most trying year of the war in a military sense, a time of terrible awakening after the confidence bordering upon bravado, that had preceded the first battle of Bull Run, and had been revived upon the appointment of McClellan to a place that for a season made him the idol of the nation. The reaction came, and Mr. Chase was the barometer for a large element of public opinion in the North.

The Cooke letters for this time are important as well as interesting because they so accurately reflect the course of the Secretary's mind.

On May 20, 1862, Henry Cooke wrote to his wife: "Gov. Chase sent for me this morning before I had finished my breakfast to talk over the President's proclamation, [repealing General Hunter's order freeing the

¹ Chase to J. C., Apr. 26, 1862.

slaves in the Department of the South]. He don't like it at all, but if he takes the advice I gave him, he will yield to Lincoln in this matter with a good grace."

Jay Cooke was likewise impatient for emancipation. On May 30th, he wrote to the Secretary of the Treasury: "My own feeling grows stronger every day that before this war is ended, slavery must, either by some such wholesale declaration as that of Hunter or through the operations of such a bill as that passed for the District of Columbia, be finally ended and blotted out; and God grant that we get rid of it speedily."

But the rupture between Chase and the President was not yet very serious, for in writing to Jay Cooke on May 31st, the Secretary said: "I have read your father's letter, and feel very much as he does. We are certainly too lenient; but the President hates to be harsh even when harshness is deserved. He thinks too that it is wisest not to be harsh, and though I find it hard to acquiesce, yet I must say, I have always found his judgment wonderfully good."

On July 7, 1862, Fahnestock, reporting an interview which he had just had with the Secretary of the Treasury, writes:

The Governor reiterates in stronger terms than ever his distrust of McClellan, says he is "the cruellest imposition ever forced upon a nation and has cost us fifty thousand of our best young lives. In answer to my soundings as to the prospect of offensive demonstrations against Richmond he says, "Mac will never be ready to take Richmond. All the reinforcements that can be sent him will not place him in a position to move successfully." These are nearly his own words. He seems impressed with the idea that Mac is a total failure. That there is nothing at all in him, that he is not and never can be equal to the position in

which he has been placed, that he (Governor C.) was instrumental in placing him there but that he long since "washed his hands" of it. . . . Now all this bitterness (in which the Governor is perfectly honest) is directly at variance with the opinions of the masses civil and military. I have conversed with scores of the latter fresh from the field and though mangled and maimed they are full of fight and anxious to be again with "Little Mac." One poor fellow on Saturday (in the office) had a pistol ball in his arm and a musket ball had entered his cheek close by the nose and passed out under his chin, but said he "would soon be fixed up and back again." . . . I am satisfied that Mac has not been properly treated, that desired reinforcements have not been given him and I only fear that now when he has his battle half fought his honors will be shared by some one of the newly imported generals. From Governor C.'s feeling I am sure he would like nothing better than a change. But I think that Lincoln feels more than ever disposed to give Mac a full and fair trial. . . . I regard Governor Chase's intense hostility to McClellan as a dangerous feature. How far he may press it I don't know. H. D. will have opportunities to sound him. You know the Governor is *very firm* in his convictions and generally carries his point.

Secretary Chase now again contemplated resignation from office as indicated by a letter which he addressed to Jay Cooke. At a despondent hour he wrote to the financier as follows:

WASHINGTON, July 4, 1862.

My dear Mr. Cooke:

The anniversary of our national independence. How sad the state in which it finds us! Is it the darkest hour before the dawn? God grant it.

I have no heart to go anywhere just now. In a few days I hope to feel better; and possibly after the adjournment of Congress may find time to make a short journey, if indeed I do not make my way to my cottage on the Miami and stay there.

Please let Nettie come home with H. D. and say to Mrs. H. D.

that I insist on her coming to keep house for me until she goes into her own house in Georgetown.

Yours most cordially,

S. P. CHASE.

Governor Chase's antipathy to McClellan very shortly led to his direct attacks upon Lincoln. Henry D. Cooke who did not share Fahnstock's love for the general, writing on July 16th, reports to Jay Cooke more interesting secrets of the cabinet:

It was rumored yesterday that the President was preparing a veto message on the Confiscation Bill and Governor C. was very anxious about it. He told me that the President had not consulted him—nor so far as he knew a single member of his cabinet in regard to the matter. He was certain that he was writing some kind of a message for he was closeted all day and even dispensed with the usual cabinet meeting, yesterday being the regular day. Governor C. thinks it cannot be possible that Lincoln would do such a thing as veto the bill. If he does there will be an end of him. Governor C. says that Lincoln takes his own course in regard to military matters and the war policy in general, that he does not even consult his cabinet or make them his confidants. He says that the President is alone responsible or entitled to credit or blame, that the secretaries are responsible only for the management of their separate and several departments. The Governor says he is willing to be responsible for his administration of the Treasury but he is not willing to be held accountable for other people's blunders or errors of policy. I am sure that he would like to have it known that the President's policy is his own and not that suggested by his cabinet.

Jay Cooke always believed that he was an important factor in determining the President to displace McClellan from the supreme command in July, 1862, in favor of General Halleck. He writes in his Memoirs:

“For more than a year before the removal of Mc-

Clellan from the command of the Army of the Potomac, this removal was urged by thousands of influential and patriotic men, who while honoring General McClellan for his many good qualities, as an organizer of armies, yet deemed him unfit as a leader of those armies, and chafed at the great delays and wasted opportunities. This feeling of disappointment and doubt so took hold of the popular mind, that gloom and depression prevailed universally. I found the subscriptions to the loans I had in charge rapidly falling off, so that finally with Mr. Chase's consent and desire, I went to Washington, and with my brother, Henry D. Cooke, visited Mr. Lincoln with the design of showing him the absolute necessity of placing some more pushing, active and bold warrior in McClellan's place. At this time, Mr. Lincoln was living temporarily at the Soldiers' Home, and after tea, my brother and I drove out there. We found a large crowd of officers and civilians there paying calls and on business, and were requested by Mr. Lincoln to remain until these people had left for the evening, so that it was past ten o'clock before we began our conference. Mr. Lincoln had his youngest son on his lap, while we were talking. I began by reminding him that the sole charge of raising the vast sums daily required was committed to me, that I was not a politician, that I desired no office, but under God was trying to do my duty in aid of my country, and that I now came to him to plead for a change of commanders of the army, and a more active pressing effort to bring the war to a speedy close. I told him that I came direct from the people, and knew their thoughts, and especially had felt the pulse of finance, and feared with all my efforts

a feeble response to my appeals, unless the gloom and doubt occasioned by McClellan's supineness and inactivity could be done away with. I impressed these views upon Mr. Lincoln earnestly and almost pleadingly, and have every reason to know that they accorded with his own; but Mr. Lincoln, it is well known, had a tender heart, and he hated to remove McClellan until satisfied that the people and circumstances compelled him. The result of this long conference reaching toward midnight, was the removal of McClellan within the week, so that I have always thought that my interview and appeal were the immediate cause of Mr. Lincoln's prompt action."¹

Affairs reached a serious crisis of course after the second battle of Bull Run, late in August. Again the reports sent to Jay Cooke by Henry D. Cooke are of much interest. "The cannonading and even the long volleys of musketry can be distinctly heard from the front porch of my house in Georgetown," he said.² His wife and children went over to Washington "glad to get out of the sound of such music." The Secretary of

¹ The date of this interview is uncertain. "I am well satisfied from all I can see that you made a decided impression on the President and on Seward, too, notwithstanding his bravado."—Henry Cooke to Jay Cooke, July 23, 1862.

"I am rejoiced at the turn matters have taken in Gov. C's favor or rather in favor of his views. People here would have rebelled if a change had not been made in the programme. You must not let Gov. C. think that I consider the articles as complete or satisfactory; they are only partially so but are progressive. I am busy half my time at least trying to instill Gov. C's and my own similar views into the people and the papers. My work seems increasing. We received over forty telegraphic despatches to-day and sent as many."—J. C. to H. D. C., July 25, 1862.

² Henry Cooke occupied a mansion which is still standing at 30th and Q Streets.

the Treasury issued an order to all his clerks who could possibly do so, to abandon the business of the Department, and repair to the field of battle to take care of the wounded. In case of defeat, Henry Cooke thought it would be "the end of the republic." Business was wholly suspended in Washington. Great excitement prevailed among the people. All trucks, wagons and private carriages found in the streets were impressed into the government service, and Henry Cooke freely tendered the use of the street car company's omnibuses (twenty five in all), horses, drivers and any of the equipment of the line which could be of value in the emergency. The Washington house of Jay Cooke and Company was stripped of almost all its funds, and what remained were put in order for removal at the first signal of the coming of the "rebels." In the beginning there were reports of Union success, but when it was known that McClellan had failed to support Pope and that defeat had come largely, if not entirely, through the jealousy of commanders in the field, the rage of the people of Washington, and especially of those close to Mr. Chase was indescribable. Henry Cooke wrote on September 2, 1862:

My dear Brother:

This is the bluest day of the war to me at least. I feel a sensation of indescribable sadness when I see the government drifting to certain destruction upon the rocks of petty jealousies and rivalries. Our army across the river is fast becoming demoralized by their jealousies. Strange as it may seem both officers and men—a very large portion of them—are clamoring for the restoration of McClellan to the command in the field. . . . I have concluded as a matter of further precaution to send over to Philadelphia in a sealed package as a special deposit all the

bills receivable in our hands except those coming due within the coming week. These we will keep and send the balance out of harm's way and if there should be any prospect of a bombardment or shelling I will send Lollie and the children over to Philadelphia, but I shall stay here, come what will, to protect our firm and railroad interests.

. . . Don't think I am causelessly less hopeful or rather more despondent than usual. I have watched events coolly and dispassionately and have the very best means of knowing everything of importance that occurs. The only time I get excited is when I think how this grand government is being wrecked because those military pilots who should guide it through the storm have left the ship to drift while they are trying to cut each other's throats. It is not the enemy I fear but our internal dissensions and disgraceful strife. If we were only now united on the field as the rebels are we could crush the rebellion with a blow.

Again on September 3d, Henry Cooke wrote:

Dear Jay:

I have very little to add to my advices of yesterday. Our army (stricken as it were by a fatal cowardice, demoralization or blindness) has been steadily falling back for the past 36 hours towards and into the entrenchments on the heights opposite Georgetown and along down to Alexandria. The forts are being rapidly mounted with monster guns, and 5000 sailors (from men of war) who are accustomed to handling the heavier pieces on shipboard are on their way hither to aid the regular artillery who will take care of the lighter pieces. The gunboats are in position along the river about Alexandria. McClellan is again in chief command and Stanton did not resign and I am assured by one who knows he will not resign in the present emergency. The reinstatement of McClellan is in consequence of the clamor of the army which virtually refused to fight under any one but McClellan. This is an unfathomed mystery to me. It shows the extent of McC.'s partisan machinations. I believe the clamor was manufactured and inflamed by his emissaries,

that it was not the real desire of a majority of the army and that the President should have put it down by a drumhead court martial and instantaneous shooting of all engaged in it or at least of the ringleaders so as to put an end to military dictation over the constitutional authorities of the land. These too are Governor Chase's views. I spent nearly two hours with him alone last evening and we talked freely. He regards the prospect as full of doubt, gloom and uncertainty and would not be surprised if the worst should happen. This too is the opinion of others of the government and of most of those who have the best means of knowing the position of affairs. . . .

To show the feeling of the government it is taking extraordinary measures of precaution in addition to those above referred to. The barrooms and restaurants where liquor is sold have been closed for three days and the liquor put away, the citizens are called on to give up all (or as much as they can) of their houses to the wounded soldiers and are appealed to for lint and all the Department clerks are to be immediately enrolled and organized into military companies for the defense of the public buildings and city.

Henry Cooke being in this state of mind, naturally advised his brother to "work off" his stock of government securities. We have a delightful view of Jay Cooke's equable temper under the most trying situations, in his refusal to share the excitement of the time. He wrote his partners at the capital, that there was no need to fear the capture of Washington, and suggested that his brother should look after his "nerves" which led to a letter of September 4th:

The distant public have had no conception of the true source of trouble—of the demoralization of the army, which virtually rebelled against the government, refused to fight the enemy when victory was in our grasp and disgracefully retreated to the cover and protection of our fortifications before a worn-out and half whipped foe because their own choice of generals

did not happen to be in command. Thus the golden opportunity of the war was allowed to slip by and the rebels have gained what may be fairly claimed by them a substantial victory. I tell you, Jay, this manifestation of an insubordinate spirit by our army is the worst and most discouraging feature that has yet manifested itself. I make this explanation for fear you may have misunderstood me from an expression in your last. My nerves have not been in the least disturbed but I have been heart sick when I have seen the country sacrificed to the damnable ambition of petty generals who would rather the Union army should suffer defeat than that a rival should get the credit of a victory. Henceforth, now that McC. is in command, there will be no more attacking from our side; and no more fighting unless we are driven like a cornered and cowardly rat to repel the attack of our enemy. Jay, this is truth.

This was the truth, not only as Henry Cooke saw it; it was the view of Mr. Chase, and without the adjectives it is the view of the historian at this cool distance of time.

They do say, at least Pitt says, [writes Eleutheros Cooke to Jay Cooke on September 4th] that in the midst of the overwhelming and disgraceful disasters inflicted upon our country by military incompetency you remain "cool, self-collected and calm as a summer sea." Is there no way to infuse into the administration at least some slight comprehension of the difficulties of the crisis and of the duties necessary (as extreme war measures) to overcome them? If not they will hear thunder all along the sky where they least expect it. The patience of the country is exhausted. . . . Both the cause and the support of the rebellion must be struck down. Humanity, duty, necessity, patriotism, even mercy require that we should utterly crush and destroy the means of the rebels to prosecute their murderous warfare.

Jay Cooke had written to Henry E. Johnston, a Baltimore banker, with whom he was later to have important financial connections, predicting the termination of the

war in 1862. Mr. Johnston did not share the Philadelphia financier's "sanguine views." On the contrary he looked "for many years of hostilities with increased bitterness of strife." "Indeed," he continued, "we can see no termination at present except in the total prostration of one or the other side unless returning reason should resume its sway and prevent this fearful effusion of fraternal blood, and you must not call me a 'rebel' for expressing these views. May God in his mercy defend the country from two more years of so horrible and unnatural a strife."

Jay Cooke had expressed this hopeful view, it is true, before the second battle of Bull Run, but his prophecy was but one small illustration of his confidence in the Union, and the spirit in him which was so usefully employed in infusing all around him with fervor and patriotism.

The censorship of the telegraph was becoming rigorous, and as the Philadelphia and Washington houses were in communication constantly, all movements, if they were to be conducted wisely, depending upon early and accurate appraisal of the course of the President, the heads of Departments, Congress and generals in the field, a cipher was devised, the partners holding the key.

Furthermore, despatches of great importance were sent by individuals in the office of Jay Cooke and Company, Washington, to clerks of Jay Cooke and Company, Philadelphia, at their home addresses. The cipher was ingeniously formed from terms in common usage in a banking house, so that "clean" appearing despatches could be prepared, thus easily passing the scrutiny of

the censor. Secession army was Vermilye and Company; artillery—Drexel and Company; won decisive victory—place to credit; retreat—discount; Washington—bonds; Lincoln—Belmont; Chase—Colgate; great loss on our side—will not be paid this week, and so on. Thus a business-like looking telegram to Jay Cooke and Company, dated Washington, August 29, 1862, "Johnson buys six thousand legal tenders of Fox and Company," became when translated in Philadelphia: "Pope captures 6000 cavalry at Warrenton." And on September 18th, while the battle of Antietam was in progress, "Sweeny applies for more. Decided change in market and cannot reply positively" was "McClellan applies for help. Tremendous battle going on. Result undetermined."

Despite occasional criticisms and reprimands which did not strike very deep, Mr. Chase was now looking to Jay Cooke as an adviser and assistant in all the graver movements of his department with more confidence than ever before. Indeed the Secretary was in an entirely helpless position. He had offered the great five-twenty loan and it could not be sold. On September 5, 1862, Mr. Cooke received this telegram from Washington:

The Governor wants you to come soon as possible. Asked me to telegraph and get your answer and beg you not to refuse. He wants you to stay over Sunday. Answer.

JAY COOKE AND CO.

And Henry D. Cooke wrote the same day:

We telegraphed you that Governor Chase wants you to come on immediately. If you can possibly come, do so. The Governor needs you now more than ever before. He wants both your advice and your assistance, and it can be made profitable

to you. He said, "Tell Jay to stay with me, for I want every moment of his time I can get. I want him if he will to spend Sunday with me — quietly and alone." He told me to insist in his name on your coming, and get your answer at the earliest moment.

On September 20, 1862, Henry D. Cooke wrote again :

I had an interview with Governor Chase this morning. He has been awaiting events before writing. I supposed he had written; as he said he would do so. This morning he told me he had not written; but that there were a good many things he would like to say to you if he could get a chance. He was in hopes you would have run over with Kate, yet he did not feel he had a right to ask you to come so often, although you could not come too often to suit him. As I feared (and as I wrote you in a letter received at Philadelphia the day you were last in New York) the New Yorkers and especially Cisco are jealous of your agency in the matter. The Governor says they seem to think that Philadelphia should not be consulted until after New York has had her say and fixed it all her own way. I told the Governor that you did not reciprocate such a feeling; but that you would like to hear from him and had been expecting a letter for several days. The fact is I am convinced that they kicked up something of a "row" because instead of going to them directly he went to them through a third person. They are as bad as our generals in the field. They would rather the public interests should suffer than that their petty pride should be rubbed by a fancied slight. You have friends enough in your own immediate circle in New York to carry out any such programme without going to Cisco or any of his tribe and if I were in your place I would have nothing to do with him. The Governor was evidently provoked by them though (between us) he said he wouldn't give you for all and everybody else put together and he depended on you more than on any one else.

Mr. Chase had now overcome some of the qualms of conscience with which he had been troubled when he re-

Wash Feb. 7, 1862

My dear Cooke,

I congratulate you on the
rise of your \$300

And now I want to
borrow myself. Will you
lend me \$2000 in the shape
of your draft on New York? If so
please send it some immediately
I want it to pay a part of a
share I am rebuilding a Ketchikan
property in Fairbanks
Jay Cooke
The friend
J. M. [unclear]

turned the coupé, for on February 7, 1862, he wrote:

My dear Cooke:

I congratulate you on the rise of your seven-thirties. And now I want to be a borrower myself. Will you lend me \$2000 in the shape of your draft on New York? If so please send it to me immediately. I want it to pay on account of a store I am rebuilding on Katie's property in Cincinnati.

Your friend, S. P. CHASE.

Throughout the year 1862, at Chase's solicitation, Cooke was investing various sums of money for the Secretary, with a view to obtaining for him the largest possible income on his fortune. Every few weeks he received checks which represented the proceeds of various speculations in railway and industrial stocks conducted with a practical banker's acumen plus a very generous regard for a friend's best pecuniary interests. This had gone so far that the Puritan took fright at the apparition of his *alter ego*. He repeatedly urged the financier to write him private letters about private matters. This Mr. Cooke endeavored to do, but to one of his temperament the tact or craft of the politician was quite foreign—the need of it inexplicable. He had naught to conceal. Forms were nothing; the ends to be attained all important, and in a humor from which he was never entirely free, even in the presence of Jay Cooke's openness, confidence and enthusiasm, Chase wrote on October 24, 1862, as follows:

My dear Cooke:

I must again remind you of the necessity of putting a little more form into the address of your letters to the Secretary of the Treasury. He is a very particular person and don't like to have private and public matters mixed. Please commence all your letters on public matters to him with "Sir" and write separate

letters on matters in which you are trusted as a confidential agent and other matters in which our action is not confidential but ordinary. All these letters whether confidential or not must go on file. Letters on private matters may be addressed dear Governor or dear friend or as you will, but let them contain nothing on public business and vice versa.

Your friend,

S. P. CHASE.

CHAPTER VI

THE FIVE-TWENTY LOAN

The next, or third crisis in the financial history of the war was reached late in the year 1862. The first had been passed through the aid afforded the government by the Associated Banks, Jay Cooke, as we have seen, materially assisting Secretary Chase in this emergency. The second crisis was met by Congress, to which the responsibility justly inheres, by the enactment of the legal tender laws; and now at the end of 1862, as military reverses rapidly succeeded one another to sap the courage of the North, relief was found in the great and successful "five-twenty" loan. To Mr. Cooke, and to him alone, is due the credit for this brilliant financial operation. It was a sweeping triumph for him, for Secretary Chase, by whom the honor was eagerly taken in furtherance of his presidential ambitions, for Mr. Lincoln and for the nation at large. Demonstrably it dispirited the South, gave Europe, especially England and Napoleon, useful evidence of the determined courage and material wealth of the Northern people, and was a factor of vast importance in deciding the fate of the Union.

To those who have discredited the work, and some both then and since have done so, saying that the five-twenty loan was not a loan but a mere conversion on

terms very disadvantageous to the government,¹ the study of the life of Jay Cooke will probably be unconvincing. They do not express the opinion of the body of the people of their own time, or the sober view of the historian and economist of this day, and the selling of these bonds looms in the annals of national finance as a very large achievement, essential to the successful conduct of the war.

Upon the suspension of specie payments and the emission of the legal tender notes, gold became a commodity which was traded in on exchanges like wheat, corn, cotton or any other staple. It often attained a very fanciful and exorbitant premium which reflected two principal facts—the redundancy of the irredeemable paper currency and the speculative daring of a small group of men displayed amid noisy scenes and governed by the turns of the great military contest. Thus was gold bought, sold and “cornered.” It fluctuated wildly, and throughout the war it was the favorite commodity for the speculator, since the range of gain or loss in price was large and the changes sudden and exciting. It is idle to deny that gold was not worth a tolerably large premium over the notes, bonds and securities whose value was measured in the terms of the legal tenders, but it is very foolish to assert, as some then did, that the speculators were not the evil geniuses which Jay Cooke said they were to make the fluctuations so wide and violent. In New York where the business centred, an entire section of the Stock Exchange called the Gold Room² was set aside for these

¹ Compare Newcomb and Sumner.

² Graphically described by Horace White in *Money and Banking*.

operators, and Philadelphia and other cities also had their "Gold Boards."

Already on January 13, 1862, gold was selling at 103, or at a premium of \$3 upon each \$100 of greenbacks. It rose to 119 during July, crossing 120 for the first time in September, 130 in October, and upon the last day of the year, December 31, 1862, was quoted at 133½.¹ The streams in the circulating system being raised and swollen by the legal tenders, the certificates of indebtedness and minor paper issues, Mr. Chase made his arrangements to float the great loan. By the first legal tender law of February 25, 1862, as we have noted, Congress authorized \$500,000,000 of six per cent. bonds, payable after five and in not more than twenty years, wherefore their name the five-twenty sixes or more briefly and popularly the five-twenties. The grant had a double value, and it was made perhaps with the idea of securing the legal tenders which were to be convertible into the bonds (thus answering the objections of those who would have opposed the issue unalterably, if they had thought it entirely irredeemable), rather than as a means of opening up a new source of public income.

Mr. Cooke in 1862, had continued his sales of the seven-thirties and the six per cent. bonds (81s) of 1861, both in Philadelphia and Washington and had made some rather unimportant dispositions of the five-twenties. In the fiscal year which had ended on June 30, 1862, the public debt had been increased to \$514,211,371.92 and the principal items for the twelve months were:

¹ Schuckers, Appendix.

Seven-thirty Notes (three year bonds)	\$122,836,550
United States Notes (legal tenders including the "Demand Notes")	149,660,000
Temporary Loans to Sub-Treasuries	57,746,116
Certificates of Indebtedness	49,881,979

In the fiscal year the Secretary of the Treasury had received only \$13,990,600 from the five-twenty loan, and to the end of November it had yielded him but \$23,750,000.¹ He thought that the government might reasonably expect an income of \$35,000,000 more from the law by the end of the fiscal year, June 30, 1863. He despaired of any large or valuable revenue from this source unless Congress should amend the terms upon which the bonds could be distributed.

Indeed, Mr. Chase was so thoroughly discouraged with the prospect of making the five-twenty loan of value to the government, that upon the testimony of his assistant, George Harrington, he was ready to advise the law's repeal in his Report of December, 1862. The bonds, Mr. Harrington declares, were "an innovation upon all precedent and were repudiated by banks and bankers who would none of them."

They were "peremptorily refused in the market for nearly twelve months." Noting the suggestion for the repeal of the provision, Harrington visited the Secretary and asked his chief why he had determined upon this course. "Because," said Mr. Chase, "with all my efforts I have been unable to dispose of a single bond."² After this conference the Secretary

¹ Report of the Secretary of the Treasury, December, 1862.

² *Extracts from the Forthcoming Work Entitled Personal Recollections and Official Experiences*, by George Harrington, a pamphlet printed at Portland, 1892, p. 12. This book seems not to have been published.

changed his decision with an explanation of the reason why the issue could not be sold. The difficulty in his belief rested in the fact that the bonds must be distributed at their "market value." This clause was inserted for the specific purpose of conferring upon the Secretary of the Treasury the right to decide when the exigencies of the situation required the sale of a loan at less than par, the par restriction having made impossible some operations early in the war; but he now sought amendments at the hands of Congress, to which he desired to shift the responsibility for the failure of this large financial undertaking. The advance of the five-twenties to a price above par was impossible, said the Secretary, because of the legal tenders which would at once be exchanged for them, and he had no intention of fixing their value far below 100. If Congress did not change the law, it must make provision at once for new loans.¹

Whether or not Mr. Harrington was well served by his memory when he took to himself the credit for having saved the five-twenty loan, is not easy to determine. The answer to this question depends upon the time of the preparation and revision of Secretary Chase's draft of his report to Congress. If it were ready in September or October, which is improbable, then the episode described by his assistant may relate to this loan. Otherwise the testimony must be disallowed, for Mr. Cooke was busily putting out the bonds two months before the Secretary of the Treasury sent in his report.

Already in the first months of 1862, Jay Cooke had

¹ Report of the Secretary of the Treasury, December, 1862.

been selling considerable amounts (if relatively small, measured by the standards which he soon established) of the five-twenties. On June 12, 1862, Henry Cooke wrote to his brother that he had just come from Mr. Chase's office, and that the Secretary had determined to offer the loan through them, having had enough of "outside parties." At this particular time he seems to have been holding back the issue because of a little difficulty arising from the premium on the gold required for back interest. Henry Cooke took the matter to Chase with Jay Cooke's "remedy," which was "to sell at par without reference to the interest and to stamp on the face of the bond the date of sale, etc." "Your suggestion," Henry Cooke adds, "will probably be adopted. It was very favorably received." On July 23, 1862, Mr. Cooke remitted \$345,000 for five-twenties and he was making regular weekly sales and returns altogether aggregating up to the middle of October about \$3,000,000 which directly contradict Mr. Harrington's version of Chase's statement, that no bonds had been or could be sold. The sums were of course not great enough to satisfy a Treasury whose requirements were near two millions of dollars a day, and the Secretary made inquiries in New York to determine what price could be obtained for larger amounts of the bonds. Mr. Cisco, the Assistant Treasurer in that city, and others with whom he conferred, thought that sales could not be effected at more than 97 or 98, meaning a loss to the government of from two to three millions on each one hundred millions of the loan.¹ Mr. Cooke had always

¹ Schuckers, pp. 345, 137. Cisco to Chase, Oct. 10, 1862, in Chase papers at Library of Pennsylvania Historical Society.

declared that he could distribute the five-twenty bonds among the people at par, but he must bide his time until other men—many of them quite unfriendly—were consulted, and the Secretary, considering the political aspects of his movement, was ready to give the Philadelphia banker the opportunity he desired as the government's sole financial agent, with the whole country as the field of his operations.

The Secretary of the Treasury wrote to Jay Cooke therefore as follows:

TREASURY DEPARTMENT, Oct. 23, 1867. 21

Sir:

The conversions of United States notes in five-twenty years six per cent. bonds are quite too slow to meet the wants of the government created by the war. I have carefully considered many suggestions made of modes of hastening them. Two only seem to be entitled to much consideration; first a negotiation of a large amount of the bonds, say fifty millions for United States notes in the way of loan; and second stimulations to conversions by enlisting in the work a number of agents very much in the same way as was done in the case of the popular loan. The first mode is most convenient in several respects. It would relieve the Department of responsibility and trouble; it would secure the needed amount at once, and it would probably engage the heartiest support of the large capitalists. On the other hand it would be the most expensive mode. The act of Congress makes all the United States notes convertible into 5-20 bonds at par and of course makes it impossible to obtain subscriptions to these bonds except from investors at that rate. Very few subscribe for large amounts of a loan except with a view to profits from resales and it is too plain for comment that where the government is always in the market offering her bonds at par for her own notes, subscribers to these bonds in large amounts cannot expect to make profits if they take them at par. Hence in order to obtain these notes for bonds from

capitalists desiring to make their profit, not by interest but by resale, it is absolutely necessary to give them a margin for that profit by sales to them at some rate below par. All the information I can collect leads me to think that no higher rate than 97 50-100 or at most 98 could be obtained for the bonds in this way and there is some reason to fear that not even those rates could be obtained. On fifty millions the best rate suggested would involve a loss to the country of two per cent, or one million dollars. I do not like to incur this loss if it can be avoided though I feel that it is better to incur this loss or even a greater one than let the public creditors and the public credit suffer.

My thoughts turn therefore to the second plan and remembering your great success as an agent for the national loan in obtaining subscriptions, and considering that as an agent for conversions into 5-20s you have on the limited scale to which your action is now confined succeeded better than any other officer of the government, it has seemed to me possible that by enlarging your sphere and increasing your compensation so that you can pay sub-agents, and defray expenses of very liberal advertising, conversions may be stimulated as to secure the needed funds without the sacrifice which a loan would involve. To do this it would be necessary to raise the conversions to a million dollars per day. Can this be done? Are you willing to undertake it? If you answer these questions affirmatively I propose to allow you $\frac{1}{2}$ of one per cent. on the first ten millions converted, and $\frac{1}{4}$ of one per cent. on all the excess, in consideration of which you select your own sub-agents, being of course responsible for them, allow them at least $\frac{1}{8}$ of one per cent. on the first 10,000,000 and $\frac{1}{10}$ on the excess, and pay yourself all the expenses of advertising, circulars, etc. Your present bond as agent does not cover your responsibility under this extended agency and it will of course be necessary to execute a new bond. It will not be necessary to increase the amount \$200,000 as you will be expected to pay over to the Assistant Treasurer so promptly as never to have that amount in the hands of yourself or sub-agents. Your immediate attention to the matter is desired as

action cannot be too prompt. The present moment, seems more favorable for the attempt than any since the defeat before Richmond, and I hope aspects are to brighten instead of darken henceforth. With great respect,

Yours truly,

S. P. CHASE,

Secretary of the Treasury.

Jay Cooke, Esq., Philadelphia.

Mr. Cooke agreed to undertake the agency which was proposed in this letter although he said that the allowance was too small to procure the largest and best results; he wished at least three-eighths upon all sales above \$10,000,000. The Secretary authorized the work to proceed, saying if an allowance greater than one-fourth were found to be indispensable after they should have passed \$10,000,000 they could return to the discussion and make the matter the subject of future negotiation.

Mr. Cooke's partner, William G. Moorhead, wrote from Sandusky on October 28th:

I am delighted at your success with the government. This arrangement places you in the position desired and gives ample scope for the exercise of your financial abilities. The field is a large one but I have confidence in your ability to cultivate it. The only difficulty that presents itself to my mind is that of the sub-agents. If you are to be responsible for them it will require great caution and management to prevent losses. The amount involved being so large, the risque will be very considerable, unless you require of them the same that the government requires of us, payments in advance. I presume you will arrange chiefly with the banks of New York, Boston and Philadelphia. What will the New Yorkers say about it? I fear they will "cut up" in some way. They must admit that our village can accomplish something as well as the great city of

New York. Write me all about it and what prospect you have of selling. I put you down for \$100,000,000. Am I too extravagant?

Mr. Cooke entered upon the delegated task with characteristic promptitude and energy, introducing on a large scale the methods he had so successfully pursued in a smaller field in reference to the seven-thirty loan in 1861. "You have gone into it with a startling energy and vigor," wrote Henry D. Cooke on October 29th, "and we must try to keep up with you, if we can in our humble way. . . . The Governor is much gratified. . . . He came over to see us last evening and we had a good talk."

Further evidencing his satisfaction, Jay Cooke received a letter from Secretary Chase dated November 8th, in which he said:

"I am gratified by the success which has attended your efforts thus far and appreciate the great liberality you have shown in the use of so much larger a proportion of the commission than I suggested in advertising, in compensation to local agents and otherwise."

Mr. Cooke desired larger allowances so that he could render his agency still more useful to the government and in a few days this letter came from Mr. Chase:

WASHINGTON, Nov. 13, 1862.

My dear Mr. Cooke:

I have your letters official and unofficial. The former I have officially acknowledged. The latter gratify me equally. Your success thus far has been all that could have been reasonably hoped, and I expect great things from your energetic and zealous agents as well as from yourself. I am delighted with the hopeful and resolute tone of the extracts you send me.

You must not think me parsimonious because I keep an eye on outgoes. I am ready to share my own with any deserving man but I hate to be lavish where the public is concerned. The People trust me and I feel their trust as a great obligation constantly. Nothing is nearer my heart than to do exactly what they would wish me to do could their great honest eye look right at my whole public conduct.

Please have sample specimens of affidavits, notices, etc., sent me. I want to keep a book of them. I regard this as the second great national or popular loan and I want to preserve a full record of its progress and results.

Your friend,
S. P. CHASE.

In the first week of November Jay Cooke owed the United States \$1,500,000 for bonds, so large an amount that it gave his Washington partners a fright and caused them to advise him to reduce his balance at once. "It would look badly if it should get out," urged Henry D. Cooke, although the business required a much greater working balance, which the firm soon gained, if the transactions were to be conducted on a large and successful scale.

Mr. Cooke at once sent out travelling agents to confer with bankers, establish sub-agencies, visit newspaper editors and act for him in fields which he could not personally reach. They reported to him their adventures and observations, many of them sufficiently curious. A clerk in the Philadelphia office, Robert Clarkson, in December made a trip through Ohio, Indiana and Illinois. He met luke-warm Unionists in a region where they might least be expected to abide, writing from Columbus, O., on December 7th:

There is a growing disposition to have Ohio take care of herself, and the murmurs are by no means concealed that while the war is employing the machinery and capital of the Eastern states the West is left in the cold, with communication entirely cut off, the Baltimore and Ohio Railroad left almost criminally out of us and goods and freight of all descriptions lying on the sidings for want of cars and transportation. The loco foco element do not pour any oil on the troubled waters, but point to the fact that New England and New York and Pennsylvania are gaining all, and that the Northwest had better join the Southern Confederacy than see things continue in this way. These things will only stir me to greater action and I mention them as reasons why I must stay longer here in central Ohio than I anticipated.

On December 11th Clarkson wrote from Dayton, O.:

The papers here are all right except the *Empire* which is in Vallandigham's interest, and this you know is his district and very shabby politically. Much good will be done and I hope that heavy sales will be made. Vallandigham in the canvass used to illustrate the Democratic rule by a \$5 gold piece, the Republican by a greenback and then show a Continental shin plaster to indicate what the country was coming to. He is a vile dog, yet there are hundreds of farmers who swear by him and he could only be beaten by taking a new county on in the new apportionment.

The peaceful progress of the loan was interrupted in December by the dispute between Seward and Chase which resulted in the resignations of both those secretaries. "There is a terrible row in the cabinet," Henry D. Cooke told his brother on December 19th. "This morning we wrote you the enclosed despatch. The telegraph censor refused to allow it to go over the wires. . . . Seward has resigned. He was unwilling to re-

main if Halleck and Stanton were retained. A caucus of senators had passed a resolution of censure against the administration, or more particularly against the President and Seward (so report says) and Seward made his resignation absolute," etc.

The next day Henry Cooke had the correct version of the affair, at least as it was seen through Secretary Chase's eyes. He wrote to Jay Cooke:

We notice that the *Inquirer* of this morning has all the details of the cabinet rumpus up to last evening. Our efforts to see Governor C. after Wm. G. left were unavailing as he was with the President up to a late hour (midnight) last night and again this morning, when we telegraphed you (between 10 and 11 o'clock) that he had resigned. He sent for me this afternoon and gave the reasons which induced him to resign — which in brief are as follows: He and Seward have long represented rival, if not antagonistic views of policy. The popular pressure acting through the Senate caucus compelled Seward to resign. Now what would be Chase's position if he were to remain in the cabinet? He already has tremendous difficulties to overcome in carrying on the finances. Congress, he says, is very kindly disposed toward him and has given every evidence of confidence in him and his policy. The resolution of the senatorial caucus is not aimed at him, he knows, and is so assured by the senators themselves who passed it, so that of itself has nothing to do with his resignation, nor has the Train resolution (although he did not allude to it). But the clamor that will follow the resignation of Seward will much of it be directed against him and the existing opposition in some quarters to his financial policy will be intensified ten-fold by added hostility, from Seward's friends. Every step in the future will be embarrassed by factious opposition. All this will be because Seward's friends will charge Governor C. with having been connected with the movement to oust Seward. Already there are whisperings of it which are made plausible by the pretext that Chase had gotten

JAY COOKE & CO., BANKERS.

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To *My Mother* *Chick*

Remember send Nemby, Obeorn, Cutthroats, Alie
and your all last night *Remo's* *Lawrence*
~~*Alie's* *Langy's* *Spinks* *Rey's* *town*~~
~~*Remo's* *Remo's* *Thimber* *hurdly* *Cent* *92*~~
Remo's *Smith* *WALL* *Jay* *Carly* *D.*

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Seward out of the way for the purpose of obtaining and maintaining control in the cabinet. Although Governor C. recognizes the importance of his remaining in office to protect and perfect his policy, and feels his obligations to capitalists, who have invested in the loans, to do so as long as his capacity for usefulness is unimpaired, he feels that if he were to remain in the cabinet at his own instance under the existing circumstances his ability to carry through even his own measures would not be equal to that of another person sympathizing with him in his views. Hence, even his obligations to protect capitalists would be best subserved by resigning. The President has not accepted his resignation and insists upon his remaining. Congressmen, Senators and others are also urging him to withdraw his resignation. He is in doubt what to do. He will probably let his resignation stand and put upon the President the responsibility of insisting upon his remaining in office. This will probably relieve him from imputations of Seward's friends and clear his future course of difficulties. But he has not made up his mind to remain even if the President should insist. He says he wants to consult you freely and asked me to telegraph you to come. I told him of your Sunday objections, but he said he thought this a great national emergency, involving great questions that might affect the prolongation of the war indefinitely, and the loss of thousands of lives, and the ruin or happiness of millions, and he hoped you would consider yourself justifiable in coming.

On December 22nd Henry Cooke was able to report that Chase and Seward were again at their posts, "all parties, senators as well as others, seeming to be very well satisfied that matters have been adjusted." Chase again urged Jay Cooke to come to Washington for a conference and he would have gone perhaps, even on Sunday, though travel upon that day was in violation of his life time rule, if he had been well enough to do so. But an indisposition developed into a sickness that kept him from his office for several days and when the two

men did meet it was to discuss the financial legislation required of Congress for the year 1863,—Mr. Chase's national banking law, the question of a new issue of legal tenders, and other measures of capital importance to the country.

Not to involve the narrative needlessly this chapter will be confined as closely as possible to the five-twenty loan. A provision in the new "omnibus" financial bill of March 3, 1863, worked the repeal of so much of the act authorizing the five-twenties as restricted the negotiation of the bonds to their "market value," a point regarding which an unnecessary ado was made in Mr. Chase's reports. It was provided furthermore that holders of the legal tenders should present them for exchange for bonds on or before July 1, 1863, a measure of greater importance. An undoubted impetus was given to subscriptions by the thought that the privilege would be withdrawn at a definite date set not far forward, but it is to the personal equation—to Jay Cooke, that the remarkable success of the loan is to be attributed.

The early months of the year 1863 were marked by great speculative excitement. Gold started at 133 in January, crossing 160 by the end of the month. On the last day of February it stood at 172, a price it did not reach again for more than a year. On February 24th when Jay Cooke was in Washington, Clarkson wrote: "The excitement in gold to-day baffles description and could not have been worse if Congress had been a stock board (bent on putting up some favorite article) instead of a body of legislators."

William G. Moorhead again in the office in Mr. Cooke's absence wrote at this time:

I regret to be obliged to say that gold almost reached the price I fixed some time ago, to wit: 75. Now I will change the figures to 100 where there is quite as much probability of its going as there was its reaching 50 or 60 some time ago. We must be prepared for anything in these times. My opinion is that nothing but extensive victories and the restoration of the Union can prevent gold reaching 100 within 60 or 90 days. Don't pronounce me a fool for this prediction. It is not so wild as my last was at the time it was made. We are keeping quiet. I am too timid to operate. When you are at the helm, I feel confidence, although we may differ in our views in regard to gold.

This panic was not unnaturally induced by military defeats and the fear of another large issue of greenbacks, Congress being at the time in the midst of very angry financial discussions. On February 5, 1863, while the legislative commotion was at its height fifties were at 94½. On February 14th the *Evening Bulletin* of Philadelphia said:

Gold is now selling at 155 and state railroad sixes are selling at 114, while United States sixes are selling at 97. We contend that all this disparity is the result of fear—groundless fear—fear induced by misunderstanding of the questions at issue as well as by the influence of domestic traitors who by every means are trying to perpetuate the theory of states' rights and the doctrine that citizens owe a higher allegiance to the state than to the national government; as if the state could afford any guaranty to person or property in the event of anarchy in national affairs.

Jay Cooke now performed his first great feat of going into the market to support government stocks, an exercise which later won him so much reputation that to break the price of gold and correspondingly raise the

quotations of bonds it was necessary only to publish a canard that he was about to visit New York. This achievement is described by Henry Cooke in a letter of December 1, 1863, when Secretary Chase was complaining about the benefits Jay Cooke was supposed to be deriving from the interest on a balance of cash remaining in his hands. Henry Cooke writes:

I agree with you that you are entitled to any trifling advantage you may gain in this way as an offset to the risk you run of a decline in the market, and parties refusing to take the bonds off your hands. There was such a decline last winter when bonds went down to 95 and parties did refuse to take bonds on the plea that they were not delivered in the time promised [the government promised deliveries in three or four days and was at this period about thirty days behindhand in filling Jay Cooke's orders] and you and your agents had to take them, hold them and work them off. You did more than this. You went into the market and bought up every bond that offered below par and thus enhanced the government credit at great risk to yourselves to an amount ten-fold more than any possible advantage you could get in the way of interest occasionally received on deferred deliveries of bonds.

In this manner the market was supported at a dangerous hour and in March, 1863, prices had so far recovered that Mr. Cooke was receiving subscriptions to the loan at the rate of one million dollars a day. On March 24, 1863, Henry Cooke wrote from Washington:

The Governor is immensely delighted at the way we are rolling in subscriptions to the 5-20. I showed him our footings for to-day up to three o'clock, \$1,095,000 (since increased to \$1,165,000) and told him that if he would give us full swing the daily receipts could be run up to \$1,250,000, and possibly more. He says if he could average by big lumps and all one and a half

millions per day from the 5-20s it would be all he wants, and he would look for money from no other source. I told him I felt sure we could put the average up to that amount, if we could occasionally work off ten or twenty millions on foreign account without interfering with domestic sales, etc.

The next day Henry Cooke wrote on the same subject in the same strain:

I have done all I could, and so has Governor Chase, to hurry up the printing and forwarding of the bonds. . . . I have shown him how the delay in deliveries checks sales as shown by the falling off in to-day's orders. He is greatly delighted and says after he gets through with the 5-20s we must go into the big loan, using our present machinery which he desires us to extend to every nook and corner of the loyal states. His idea is to give us full control of all the issues — the 10-40 year bonds, legal tender Treasury notes and interest-bearing convertible Treasury notes — so we can offer subscribers the option. But for the present he will depend on 5-20s and if sales keep up until July 1st will offer nothing else. . . . If we can continue our success we can handle the whole of the government loan and the brilliancy of the achievement will silence and shame all cavil as to the means of its accomplishment and all envious accusations of "partiality" and "monopoly." As long as we serve the government well the Governor fears nothing from complaining parties and is willing to take the responsibility of putting it all into our hands

The first great movement in this bond was now well begun, and it did not suffer any important abatement until the entire loan of 500 millions was distributed. Indeed it was oversubscribed to a considerable amount before Jay Cooke could bring his machinery to a standstill. The great difficulty was to obtain enough bonds from the Treasury Department, which in turn was unable to get deliveries from the printers and engravers.

New plates were made and the force was increased, but the output was still insufficient for the demand. L. B. Chittenden, the Register of the Treasury, working as he was at a pitiable rate,¹ could not affix his signature to the bonds rapidly enough to satisfy the public requirements. Despite its sympathies, the Washington house of Jay Cooke was relentlessly "punching" the officers of the Department and urging them to greater activity, while they in turn asked Mr. Cooke to reduce his balance, an exchange of civilities which continued until the loan was closed. Early in April Jay Cooke's balance was \$8,000,000 (\$1,000,000 had frightened his young partners at Washington and some Treasury officials a few months before) and nearly the whole amount represented orders not yet filled by the government, although the Department was furnishing Mr. Cooke \$1,500,000 a day. "We keep at them day and night," wrote Henry Cooke in response to the request for greater promptitude in the despatch of bonds, "and they are straining every nerve to keep up." The making of still another set of plates urged by Henry Cooke later brought the capacity of the Department up to \$2,500,000 or \$3,000,000 daily, subject to the physical limitations of Mr. Chittenden in affixing his signature to the documents, much depending upon whether the orders called for the bonds in large or small denominations. An acting Register of the Treasury was appointed so that the Register himself could devote his whole time to this business. The name was engraved

¹ "Poor fellow! I don't see how he stands it to sign his name so many times in a day in addition to the other hundreds of signatures to checks, certificates, etc."—H. D. Cooke to Jay Cooke, March 26, 1863.

upon the registered bonds and various devices were employed to improve the service. "I am watching the operations with the closest attention," Harrington wrote Mr. Cooke on May 2, 1863, "and I tell you I will work up to your own standard whatever that standard may be." Still the Department ran behind. In New York on May 28th when Jay Cooke met his sub-agents and boldly made rules for them that he believed would throw half the subscriptions in future into the sub-treasuries (thus losing him his commissions) he found them "almost disposed to back out and quit the business." "The delay of bonds," he remarked, "is ruinous and they say it is getting to be intolerable. It takes all their time to manufacture excuses."¹

In popularizing and selling the 5-20 loan Mr. Cooke largely relied upon the newspapers, although circulars, posters and the conversational powers of his agents and solicitors were also freely and successfully utilized. Never before or since in this country, if in any land, has the press been subsidized in the same large and systematic manner. The newspapers were hired to support the loan and to serve Cooke, Chase, Lincoln and the Union, and they were closely watched and guided by the practical journalists who were employed with this special purpose in view. In Philadelphia the recognized organ of Mr. Cooke and Mr. Chase was the *Inquirer*. When it spoke throughout the war it was felt that it voiced the sentiments of the Treasury Department. Its publication and editorial offices were in Chestnut Street very near the office of Jay Cooke and Company. In Philadelphia and sometimes in New York Mr. Cooke per-

¹ J. C. to H. D. C., May 28, 1863.



HENRY D. COOKE

sonally visited the editors, both German and English, to indoctrinate them with his views. In Washington Henry Cooke was on warm terms of friendship with the correspondents congregated in that city, inviting them individually and in parties to partake of the hospitalities of his handsome home in Georgetown to be "filled full to the brim not only with edibles and bibibles, but with the glorious financial prospects of the future;" while Mr. Cooke's sub-agents and travelling representatives in all parts of the country made it a prime point, upon their principal's urgent request, to visit and advise with the editors of papers printed in all languages in their respective communities. Thus hope was put into faint writers; Copperheads were made afraid and in many instances rendered harmless as doves; the people were treated to optimistic instead of the despairing cynical views to which they were often prone to surrender themselves if left without inspiring leadership; and the loan and the Union went forward triumphantly.

Mr. Cooke not only inserted announcements of his agency in the advertising columns of newspapers, but also used their editorial and news columns lavishly. The editors and publishers to whom patriotic considerations were without appeal were touched at a more vulnerable point, and thus practically the entire newspaper press of the loyal states responded to his masterly direction on financial questions. He believed in the power of the press and to him as to Napoleon it was the Fourth Estate, a force to be reckoned with, and incidentally to be controlled with a strong hand. With the newspapers he would have risked the issue of almost any contest. Mr. Cooke's advertisements were as

spirited and confident as the man from whom they emanated. He at once inserted an announcement of his appointment in the columns of many different journals, and kept the loan before the people constantly.

Nor were the readers of the German newspapers neglected by the indomitable financier. He placed much reliance throughout the war upon this thrifty people who for the most part were sturdily loyal to the Union cause.

Mr. Cooke's agents advertised in their own names, if they preferred it, as in New York, where it seemed to be unpleasant to the people to be reminded that they were subscribing to a loan which came to them through Philadelphia. Fisk and Hatch, Livermore, Clews and Company and Vermilye and Company, Mr. Cooke's leading agents in New York City, said little about the principal whom they so long and so loyally served. But in the West the agents were glad publicly to acknowledge that they were tributary to Philadelphia. The people instantly recognized the name of Jay Cooke and looked upon him as a financial leader of wisdom and integrity whose advice they could follow with confidence.

One of the most effective as well as one of the earliest of Mr. Cooke's newspaper broadsides was a kind of farmer's and mechanic's catechism, entitled "The Best Way to Put Money Out at Interest," afterward reprinted as "Interesting Correspondence on the 5-20 Loan." The idea was Jay Cooke's and it delighted Mr. Chase and Henry Cooke who carried it to the Secretary. The latter made a few changes in the figures in the conservative interest and it seems to have appeared first in the Philadelphia *Public Ledger* on March 27, 1863, being sent out with the authority of that journal to be

Office of JAY COOKE,

Subscription Agent,

AT Jay Cooke & Co. BANKERS,

114 South Third Street,

Philadelphia, Nov. 1, 1862.

The undersigned, having been appointed SUBSCRIPTION AGENT by the SECRETARY OF THE TREASURY, is now prepared to furnish, at once, the

NEW TWENTY YEAR **6** PER CENT. BONDS

of the UNITED STATES, designated as "FIVE-TWENTIES," redeemable at the pleasure of the Government, after five years, and authorized by Act of Congress approved Feb. 25, 1862.

The **COUPON BONDS** are issued in sums of

\$50, \$100, \$500, and \$1000,

The **REGISTERED BONDS** in sums of

\$50, \$100, \$500, \$1000, and \$5000.

Interest will commence from the **DATE OF SUBSCRIPTION**, and is **PAYABLE IN GOLD**, at the Mint, or any Sub-Treasury or Depository of the United States, on the first days of May and November of each year. At the present **PREMIUM ON GOLD**, these Bonds yield about **EIGHT** per cent. per annum. The ample provision made by Customs Duties, Excise Stamps and Internal Revenue, for the payment of Interest and liquidation of the Principal, makes an investment in this Loan safe, profitable and available at all times. In a word, this being the permanent Loan into which the Legal Tender Notes are convertible, it will become the **PRINCIPAL LOAN** in the market, and a profitable mode of investment for Trust Funds, the surplus funds of capitalists, as well as the earnings of the industrial classes.

Subscriptions received at **PAR** in Legal Tender Notes, or notes and checks of banks at par in Philadelphia. Subscribers by mail will receive prompt attention, and every facility and explanation will be afforded on application at this office.

A full supply of **BONDS** will be kept on hand for immediate delivery

JAY COOKE,

Subscription Agent.

JAY COOKE'S ADVERTISEMENT ANNOUNCING HIS APPOINTMENT TO THE 5-20
AGENCY

Office von Jay Cooke,
Subscriptions Agent
bei **Jay Cooke & Co. Bankiers,**
No. 114 Süd Dritte Straße,

Philadelphia, den 1. Nov. 1862.

Der Unterzeichnete, von dem Schatzamts-Sekretär als Subscriptions Agent ernannt, ist jetzt bereit ohne Verzug die

Neuen Zwanzig Jahr Sechszwanzigprozentigen Bonds

der Vereinigten Staaten auszugeben, die als die „Fünf-Zwanziger“ bezeichnet werden, indem sie nach dem Gefallen der Regierung nach fünf Jahren eingelöst werden können. Die Anleihe ist autorisirt durch einen Akt des Congress, der am 25ten Februar 1862 unterzeichnet wurde.

Die **Coupon Bonds** werden ausgegeben in Summen von

\$50, \$100, \$500, und \$1000.

Die **Registriten Bonds** in Summen von

\$50, \$100, \$500, \$1000 und 5000.

Die Interessen beginnen vom Tage der Subscription und sind zahlbar in Gold in der Münze, oder irgend einem Unter-Schatzamt oder Depositorium der Vereinigten Staaten, am ersten Tage des Mai oder November jeden Jahres. Zu der gegenwärtigen Gold-Prämie geben diese Bonds acht Prozent per Jahr. Die ausreichenden Vorkehrungen, welche durch Zölle, Stempelsteuer, und innere Revenuen getroffen sind für Zahlung der Zinsen und Amortisation des Capitals, machen eine Capitalanlage in dieser Anleihe sicher, und vortheilhaft, und dieselbe kann zu jeder Zeit leicht realisirt werden. Mit einem Wort, da dieses die permanente Anleihe ist, in welche die „Legal Tender“ Noten convertirt werden können, so wird es bald die Hauptanleihe im Marke sein, die eine vortheilhafte Gelegenheit darbietet „Trust Funds“, unbeschäftigtes Vermögen von Capitalisten, und die Ersparnisse der industriellen Classen anzulegen.

Subscriptionen werden angenommen zum Nennwerth in „Legal Tender“ Noten, oder Noten und Checks von Banken die „pari“ stehen in Philadelphia. Subscriptionen per Post werden pünktlich besorgt und Alle die sich an diese Office wenden, erhalten jede gewünschte Auskunft.

Ein Vorrath von Bonds wird stets an Hand gehalten zur sofortigen Ablieferung.

Jay Cooke,
Subscriptions Agent.

JAY COOKE'S GERMAN ADVERTISEMENT ANNOUNCING HIS APPOINTMENT TO THE

5-20 AGENCY

copied in all parts of the country. It was afterward printed as a circular of which there were two or three different editions. After some preliminary remarks descriptive of a visit to the agency in Third Street the paper took the form of twelve questions supposed to have been propounded by a farmer in Berks County, Pa., which were answered lucidly by Jay Cooke. It read as follows:

THE BEST WAY TO PUT MONEY OUT AT INTEREST

[*From the Philadelphia Ledger, March 28.*]

One of the most surprising things in the recent conversion of greenback notes into the popular Five-Twenty six per cent. Government loan at par, is the universality of the call. We happened in yesterday, at the office of Jay Cooke, who is the agent for the sale of these loans, and the conversion of the greenbacks, and found his table literally covered with orders and accompanying drafts for almost all amounts, from five thousand to a hundred thousand dollars each, and from all parts of the Union. The little States of Delaware and New Jersey are free takers, as are also Pennsylvania, New York and the New England States. But the West is most especially an active taker, as well through her banks as by individuals. The amount of orders lying before us, all received during the day, amounted to over *fifteen hundred thousand dollars*. With this spontaneous proffer of money, Secretary Chase must feel himself entirely at ease, and will take care to put himself beyond those money sharpers, whose chief study is how to profit themselves most from the troubles of the country and the necessities of the Treasury. There are millions of dollars lying idle all over the country, and while the uncertainty existed as to what Congress would do, and the bullion brokers were successful in running up gold to the discredit of the Government issues, this capital was clutched close. But as the policy and measures of the Secretary of the Treasury are gradually developed, confidence in the Government and in the future is strengthened, and holders are now anxious to make

their long unemployed means productive — hence the ready and liberal investment in the Five-Twenty loans at par. Almost every town and village throughout the country has individual holders of money, to larger amounts probably than ever before at one time, for which satisfactory takers cannot be found. Many of those are now investors in these loans, and the number of such is likely to increase, until the demand shall put all the Government loans on a par with, at least, the loans of the various incorporated companies. The country banks are also free takers for themselves and their customers. On the 1st of July this Five-Twenty Year loan will, under the law, be withdrawn.

—, BERKS COUNTY, PA., March 20, 1863.

JAY COOKE, Esq.,

United States Loan Agent.

114 South Third Street, Philadelphia.

Dear Sir:— I see by our papers that you are selling for the Government a new Loan called "Five-Twenties." I expect to have shortly a few thousand dollars to spare, and as I have made up my mind that the Government Loans are safe and good, and that it is my duty and interest, at this time, to put my money into them in preference over any other loans or stocks, I write to get information of you as follows:

1st. Why are they called "Five-Twenties?"

2nd. Do you take country money, or only Legal Tender Notes, or will a check on Philadelphia or New York, answer for subscriptions?

3d. Do you sell the Bonds at Par?

4th. As I cannot come to Philadelphia, how am I to get the Bonds?

5th. What interest do they pay, and how and when and where is it paid, and is it paid in Gold or Legal Tenders?

6th. How does Secretary Chase get enough Gold to pay this Interest?

7th. Will the face of the Bonds be paid in Gold when due?

8th. Can I have the Bonds payable to Bearer with Coupons, or registered and payable to my order?

9th. What sizes are the bonds?

10th. Will I have to pay the same tax on them as I now pay on my Railroad, or other Bonds?

11th. What is the present debt of the Government, and what amount is it likely to reach if the Rebellion should last a year or two longer?

12th. Will Secretary Chase get enough from Custom House duties and Internal Revenue, Income Taxes, &c., &c., to make it certain that he can pay the Interest punctually?

I have no doubt that a good many of my neighbors would like to take these Bonds, and if you will answer my questions I will show the letter to them.

Very Respectfully,
S— M— F—.

Office of JAY COOKE, *Subscription Agent at* }
Office of JAY COOKE & Co., *Bankers,* }
114 S. Third St.

PHILADELPHIA, MARCH 23, 1863.

Dear Sir:

Your letter of the 20th inst. is received, and I will cheerfully give you the information desired by answering your questions in due order.

1st. These Bonds are called "Five-Twenties" because, while they are *twenty* year Bonds they *may* be redeemed by the Government in GOLD at any time after *five* years. Many people suppose, that the Interest is only 5.20 per cent.

2nd. Legal Tender notes or checks upon Philadelphia or New York that will bring Legal Tenders, are what the Secretary allows me to receive. No doubt your nearest Bank will give you a check or Legal Tenders for your country funds.

3d. The Bonds are sold at PAR, the Interest to commence the day you pay the money.

4th. I have made arrangements with your nearest Bank or Banker, who will generally have the Bonds on hand. If not, you can send the money to me by Express, and I will send back the Bonds free of cost.

5th. The Bonds pay Six per cent., Interest in GOLD, *three* per cent. every six months, on the first day of May and November at

the Mint in Philadelphia, or at any Sub-Treasury in New York or elsewhere. If you have Coupon Bonds, all you have to do is to cut the proper Coupon each six months, and collect it yourself or give it to Bank for Collection. If you have Registered Bonds, you can give your Bank a power of attorney to collect the interest for you.

6th. The duties on imports of all articles from abroad must be paid in GOLD, and this is the way Secretary Chase gets his gold. It is now being paid into the Treasury at the rate of Two Hundred Thousand Dollars each day, which is twice as much as he needs to pay the Interest in Gold.

7th. Congress has provided that the Bonds shall be PAID IN GOLD when due.

8th. You can have either Coupon Bonds payable to the Bearer, or Registered Bonds payable to your order.

9th. The former are in 50's, 100's, 500's, and 1000's,— the latter in same amounts, also \$5000 and \$10,000.

10th. No! You will not have to pay any taxes on these Bonds if your income from them does not exceed \$600; and on all above \$600 you will only have to pay one-half as much Income Tax as if your money was invested in Mortgages or other Securities. I consider the Government Bonds as *first of all*— all other Bonds are taxed *one-quarter per cent.* to pay the Interest on the Government Bonds, and the Supreme Court of the United States has just decided that no State, or City, or County can tax Government Bonds.

11th. The present bonded debt of the United States is less than THREE HUNDRED MILLIONS including the seven and three-tenths Treasury Notes; but the Government owes enough more in the shape of Legal Tenders, Deposits in the Sub-Treasuries, Certificates of Indebtedness, &c., to increase the debt to about eight or nine hundred millions. Secretary Chase has calculated that the debt may reach one thousand seven hundred millions, if the Rebellion lasts eighteen months longer. It is, however, believed now that it will not last six months longer; but even if it does, our National Debt will be small compared with that of Great Britain or France, whilst our resources are vastly greater.

12th. I have no doubt that the revenue will not only be ample to pay the ordinary expenses of the Government and all Interest on the debt, but leave at least one hundred millions annually toward paying off the debt, and that the Government will be able to get out of debt again as it was twice before — in a few years after the close of the war.

I hope that all who have idle money will at once purchase these Five Twenty Year Bonds. The right to demand them for Legal Tenders will end on the first day of July, 1863, as per the following authorized notice :

SPECIAL NOTICE

On and after JULY 1st, 1863, the privilege of converting the present issue of LEGAL TENDER NOTES INTO THE NATIONAL SIX PER CENT LOAN (commonly called "Five-Twenties") will cease.

All who wish to invest in the Five-Twenty Loan must, therefore, apply before the 1st of JULY next.

JAY COOKE, Subscription Agent,
No. 114 S. Third Street, Philadelphia.

Those who neglect these SIX per cent. Bonds, the Interest and Principal of which they will get in GOLD, may have occasion to regret it. I am, very truly, your friend,

JAY COOKE,
SUBSCRIPTION AGENT,
At Office of JAY COOKE & Co.,
No. 114 S. THIRD ST., PHILADELPHIA.

The Banks and Bankers of your and adjoining Counties will keep a supply of these Bonds on hand, if you prefer to go there and get them.

In all parts of the country the newspapers were commending Secretary Chase and Jay Cooke for their financial sagacity, advising the people to invest in the loan, recording the amount daily received from subscriptions

and like the managers of Patti and Jenny Lind, vociferously reiterating that the last chance to see, hear and get so much for so little money was near at hand.

Another newspaper article distributed by Jay Cooke's writers and published very widely was entitled, "A Day at the Agency for the Five-Twenty Loan." It read as follows: ¹

It would rejoice the heart of every patriot if he could witness in person the daily operations at the agency of the national loan in this city. The people are there to give aid and comfort to the government by investing their savings and their capital in the Five-Twenty bonds. They are giving lively exercise to the agent and his clerks, bookkeepers and cashiers. None of the latter are likely to get rusty for want of action. There they sit at their desks each one the focal point of converging streams of orders for the loan. There they sit amidst piles of orders by mail, flights of orders by telegraph and incessant orders by word of mouth. The figures and amounts overheard by the visitor as he stands at one of these desks run through nearly the whole scale of arithmetical enumeration — hundreds, thousands, tens of thousands, hundreds of thousands, millions.

Here is a letter from a lady in Camden who orders \$300 and there is one from St. Paul, Minn., for \$12,500. Here lies one from Pottsville, Pa., for \$1,000 and another from Pittsburg for \$75,000. Along comes a telegram from Norristown for \$250 and close upon the messenger's heels comes another with a despatch from New York for \$250,000. Near one of the desks is a nursery maid who wants a bond for \$50 and just behind her placidly waiting his turn is a portly gentleman, one of the "solid men" of Philadelphia, at whom you can scarcely look without having visions of plethoric pocketbooks and heavy balances in bank. He wants \$25,000. And so the great current of orders constantly streams in, the letters accumulating on the desks in quires, the telegraph messengers always hurrying to and

¹ Philadelphia *Inquirer*, April 9, 1863.

fro and our city people passing in and out from the counters in never ending procession.

In the midst of all this may be seen the agent of the government receiving visitors, answering questions, giving directions and pencil in hand footing up the enormous aggregates. Before him you see a certificate of deposit into the Treasury made previous to twelve o'clock for a quarter of a million, and close by are two of his trusty aids making up a third package of \$400,000, swelling the amount of Treasury deposits for the day to eleven hundred and fifty thousand dollars.

This is no fancy sketch but a truthful description of real transactions as witnessed by the writer within the last twenty-four hours at the government agency, and the like of which might have been seen there by any one else at any time within the last two weeks. The truth is the scenes to be observed there nowadays are so active and inspiring that there is no need whatever for exaggeration. The people are at last alive to the value of the investment which has been so long within their reach. Whatever misgivings they may have had in the dark days of the war have all passed away and they are now laying their treasure on the altar of their country with patriotic confidence and generous hands.

This article was followed by another circular, "An Hour at Jay Cooke and Co.'s," which was generally distributed to newspaper editors for use in their news columns. It was as follows:

[From our own Correspondent.]

PHILADELPHIA, ———, 1863.

The wisdom of Secretary Chase was never more shown than in the manner in which the 5.20 loan has been placed before the country. The extraordinary success attending the 7. 3/10 loan led the Secretary of the Treasury to adopt a similar plan in placing before the public the 5.20 bonds. As doubtless many of your readers are ignorant of the meaning of the symbols "5.20," notwithstanding the fact that they daily see such items in the newspapers as that "Jay Cooke, subscription agent, reports

the sale of \$1,200,000 5.20 bonds for yesterday," we will proceed to enlighten them by an extract from a letter of Mr. Cooke to a citizen of Berk's county, explaining the particulars of the loan :

[Here follows the correspondence in the circular entitled "The Best Way to Put Money out at Interest."]

Having given you an idea of the bonds, we will proceed to a description of the manner in which these securities are taken by the public.

The principal office of Mr. Jay Cooke, the subscription agent, is in Philadelphia, with over one thousand five hundred correspondents in all of the principal cities and towns of the Union, who likewise receive subscriptions, and each of whom are responsible to their own customers.

At the Philadelphia office Mr. Cooke employs upwards of thirty clerks.

Upon our first visit to the office we were shown through the banking department to the 5.20 offices, where we found Mr. Cooke surrounded by his assistants, doing a business of over a million of dollars per day. I propose to give a brief account of what I saw.

It is now eleven o'clock in the morning. The clerk comes in with letters from the post office (large numbers have already been received, of which there are full one hundred in number, from all sections of the country where the old flag waves. These contain orders amounting from \$50 to \$100,000 each. They are placed on file, and as soon as the bonds are issued they are mailed to subscribers. But the most interesting feature is the personal subscriptions. An old lady totters into the office, and with her money tied up in the corner of her handkerchief, wishes one of the bonds. She is shown into the back room and given a seat. The assistant receives her money, gives her a certificate, and she leaves, happy in the thought that her little pittance is not only safe, but is earning her something. Next comes a hale old farmer from Berks county, with his \$5,000. He has heard of the loan; some of his neighbors have invested; he has read Mr. Cooke's letter, and he has concluded to put his money where he is not only sure of his interest, but he is aiding the Government

— a double reason — he asks a great many questions, all of which are answered satisfactorily. The consequence of which is, he leaves his \$5,000 and takes his certificate.

Here comes a telegraphic dispatch from Boston :

JAY COOKE,
Subscription Agent,
Philadelphia :

Send us one hundred thousand assorted 5-20's.

SPENCER, VILA & Co.

No sooner is this read and attended to, than another comes. Some idea may be formed when it is known that their telegraph bill amounts to over \$40 per day. In fact, so rapidly has the loan been taken by the public that only \$200,000,000 remain unsold. In taking a retrospective view of the state of the country upon the accession of the present Administration, the difficulties with which Mr. Chase had to contend, the obstacles which met him at every turn, his bureau swarming with traitors, the Treasury depleted by the treachery, treason and robbery of his predecessors — with all the expenses of the Government to meet, and which were more in one month than ever before in nearly a whole year — the success attending his efforts is almost inconceivable. He has preserved our national credit — he has paid the expenses of the Government, and now he is receiving aid from the people at the rate of \$2,000,000 and upwards per day. Another feature of Mr. Chase's policy is, that he has not asked any assistance from abroad. Knowing the loyalty of the people, he has appealed to them, with what success the \$10,000,000 or \$12,000,000 pouring weekly into the Treasury, will best answer.

Little incidents in the experience of the agency, suggested to the writers by Jay Cooke, furnished the texts for articles which made the rounds of the newspapers, as the following :

An encouraging feature is the fact that the demand for the loan is thoroughly awakened in sections of the country from which there has hitherto been no call for this class of investment. From Maryland the orders are steadily on the increase and for

western Virginia and Kentucky sales have been very considerable. An order was received yesterday from Key West, Florida. A soldier in the Army of the Potomac sends to the Subscription Agent his surplus earnings with the remark, "If I fight hard enough my bonds will be good." Another "brave defender" sends from Suffolk \$500 to invest in 5-20s and says, "I am much pleased with my purchase. I am willing to trust Uncle Sam; if he is not good nobody else is." While soldiers exhibit such a spirit there can be no such word as fail.¹

Many people well informed upon other subjects have accustomed themselves to hoarding gold in various sums under the impression that it is a good investment. The utter folly of this is shown by the following calculation showing the difference in five years between hoarding gold and selling it and investing the proceeds. One thousand dollars in gold, if kept hoarded forever, will be only \$1,000. Now if this amount of gold is sold at 50 per cent. premium you will have \$1,500 to invest in 5-20 six per cent. bonds. These will pay annually \$90 in gold, making in five years \$450 besides the compound interest; and at the end of five years, if then paid, the holder will receive the \$1,500 in gold. Thus the \$1,000 will produce over \$2,000. If not paid off in five years the bonds will sell at a handsome premium.²

We invite the attention of our readers to the article in the reading columns entitled "The Best Way to Put Money out at Interest," which is well worth the perusal of everybody, as it fully explains how to make the safest and most profitable investments. Some of our neighbors who some time since went into this are now realizing good profits. For instance, a certain party in our town in the latter part of April, 1862, purchased a certificate of indebtedness of \$1,000 for 98 per cent. or for \$980 and on the 20th of March last sold the same to Jay Cooke and Company of Philadelphia for \$1,080.20, thus making \$100.20 on his investment, which is about 11 per cent. We would advise all persons who have money to put out at interest to avail themselves of this opportunity.³

¹ *Phila. Press*, April 28, 1863. ² "A Word to Gold Hoarders," *Phila. Bulletin*, April 8, 1863. ³ *Shippensburg News*, April 11, 1863.

Senator Wright, in a late speech inculcating the duty of loyalty to our government, said that when in Paris last July he saw three or four acres of old men and women of all classes waiting to contribute to the demand of government for two or three hundred million of francs. This was for the support of a despotic government that may be changed any day. Are we less patriotic than the French? Our administration wants money to perpetuate the best government that the world ever saw, and asks us to loan it money at six per cent. per annum payable semi-annually in gold. And there is offered as security for the loan the faith of the government with all she possesses and expects to possess. The people of the east are investing in this fund at the rate of millions a day, showing that their faith wavers not in the stability of the republic. Never was there a time when there was so much money in Blair county seeking investment as at present. Here is a rare chance to show our loyalty, and profit ourselves. That the government is to be sustained at all hazards is a foregone conclusion. Then come on with your spare cash and help her to give rebellion the finishing stroke and restore the country to her former quiet and prosperity. The agents are men of responsibility, thoroughly acquainted with the business and will give all information necessary on the subject.¹

Last week, in the midst of all the discouragement consequent upon the reverse at Chancellorsville, and the retreat of Hooker's army, no less than eight millions were subscribed. What a lesson this affords to the poor, weak-minded mortals who send gold up or down to suit every breath of report, or rumor blowing from any quarter. There are those who would make gold the barometer, but it seems that after all it indicates nothing, and is therefore no barometer. The national credit stands firmer and better now than it ever did before. Reverses make no change in the popular faith which remains unshaken and true to the immortal destiny of the republic.²

The war is not only developing heroism and devotion to the national cause in the field, but there are instances of spirit and

¹ Hollidaysburg Register, March 25, 1863.

² North American and United States Gazette, May 11, 1863.

generosity at home, one of which came under our notice this morning. A gentleman whose countenance indicated character in no ordinary degree appeared at the office of Jay Cooke, Subscription Agent, and handed Mr. Cooke \$660 "for the government." Supposing, naturally, that he wanted Five Twenty loan, \$10 were returned him, as only multiples of \$50 are received. A minute's explanation ensued in which the gentleman in Jackson style declined to give his name and wanted to have the \$660 sent as a donation to the government. A letter was accordingly written and sent to Secretary Chase, asking that it be used by the United States without any receipt, bond or return except the satisfaction of having done his duty. The most singular part of the whole matter is that when the letter was presented for signature with a dash of good humor he signed it "A War Democrat," and left for the post office with the letter which will doubtless be publicly acknowledged.¹

The acknowledgment came soon. It was as follows:

Dear Sir: TREASURY DEPARTMENT, June 2, 1863.

I received a letter to-day enclosing the check of Jay Cooke and Company of Philadelphia on Jay Cooke and Company of Washington for \$660 which the writer offers to the United States "as a slight token of his appreciation of the value of the government and as a personal contribution without any other return than the satisfaction of doing his duty towards its success against the rebellion."

The letter is signed "A War Democrat," and I have no clue whatever to the real name of the writer. The designation, however, is enough. It marks him as one of that great multitude of Democrats who believe that Democracy is best proved by sustaining those temporarily entrusted with the administration of affairs in their efforts to maintain democratic institutions and popular government against the attempt to establish a slave-holding oligarchy on the ruins of the American Union. Among such Democrats any man may be proud to enroll himself.

The contribution of the "War Democrat" of Philadelphia has

¹ Phila. *Evening Bulletin*, June 1, 1863.

been placed in the Treasury. May the acts of such patriots at home, and the heroic deeds of our brave soldiers and sailors on land and sea, inspire in all exercising public functions the liveliest sense of obligation to exert every faculty and every energy for the speediest possible termination of the war by the most economical and the most vigorous employment of all the vast resources of men and money, so liberally furnished by a generous and patriotic people.

Yours very truly,

S. P. CHASE,

Secretary of the Treasury.

JAY COOKE, ESQ.,

Subscription Agent, Philadelphia.

Mr. Cooke's travelling agents for the sale of the 5-20 loan, according to a memorandum of his own on the subject found among his papers, were nine in number—George A. Bassett for Indiana; Henry C. Storms and W. B. Hubbard for Ohio; C. J. Bradford for Pennsylvania; Thomas F. Shewell for Illinois; William Poulterer for Michigan; F. T. Loës and Paul Jagode for Wisconsin, and Silas Yerkes, Jr., for Iowa, Missouri and Minnesota. These agents were constantly in motion, travelling hither and thither, conferring with bankers, brokers and editors in the interest of the loan, distributing circulars and posting bills at public places—hotels, railroad stations, court houses, post offices, reading rooms—and upon walls, telegraph poles and the trunks of trees. They urged at Jay Cooke's direction the desirability of having "our own people own the national debt," and sensibly increased the orders for bonds. They reported their movements to the Subscription Agent but he enjoined them to write him short letters. By their works rather than by their words would he know them, honor them and reward them.

The effort to sell the bonds was confined to no neighborhood or class of citizens, and many subscriptions were secured in the localities which in the parlance of the day were Copperhead or even openly "Secesh." Much was made of the fact that up to May 8th more than one and a half millions were subscribed in Baltimore¹ where Mr. Cooke had an active press agent, John Wills. A newspaper in that city said: "The one important idea seems to be forcing its truth upon the people and that is if the government loans are not safe and good no others can be. When the nation goes down all else sinks with it. If the ocean dries up ships are no longer of use for there is nothing upon which they can float."² The subscriptions from Kentucky were widely heralded, one order "covering \$350,000 in gold, which at the present premium, will buy one-half a million of the loan." William T. Page of the Canal Bank of Evansville, Ind., wrote in August, 1863, saying that he had sent a bag of gold to be sold and invested in 5-20 bonds. "This amount, \$10,400," he wrote, "is from a Copperhead neighborhood and I doubt if a single person who subscribes for the bonds ever had a real Union pulsation of the heart since the rebellion broke out."

After the capture of New Orleans, Jay Cooke made an effort to develop a trade in 5-20s in that city with the army and army followers, if not with the native Louisianians. In Washington it was remarked that "a very large proportion of the office sales were made to officers and soldiers."

B. S. Russell, a banker of Towanda, Pa., a friend of

¹ Baltimore *American*, May 9th.

² Balto. *Clipper*, May 12, 1863.

Jay Cooke, wrote him that the politicians there would not take the war loans. David Wilmot, from whom much was expected, on account of his prominence in the slavery discussion, not only would not subscribe for himself, Mr. Russell complained, but discouraged the investment in the hearing of other men. The bonds were being sold, as Jay Cooke anticipated, if sold they should be, to the rank and file of the people,—the class of citizens not too famous or too wise in whose veins the blood of the country coursed red and warm, and who bore the great financial burdens of the war as they bore the weight of the knapsack and the musket upon the battlefield.

Mr. Cooke's arrangements now enabled him to reach out into every nook and corner of the country to obtain the money of the man or woman who perhaps had but \$50 or \$100 to invest, but who had a patriotic heart and was ready to contribute his or her mite to the government. "Money is the great power in war and will conquer at last," wrote a faithful editor, "and he who contributes his money to aid his country in her hour of danger may thereby evince as much patriotism as he who marches to the battle field. The widow's two mites told more of goodness of heart than the rich gifts of those who cast in only of their abundance."¹

The newspapers in hamlets and villages, especially in the western states, called to the support of the government the farmers who emptied their stockings and brought forth the store from under the rafters, spreading it out in little counting houses to be forwarded to Mr. Cooke in Philadelphia for use by the government

¹ *Daily Evening News*, St. Louis, May 19, 1863.

in terminating the rebellion. The Subscription Agent gave them another broadside. This appeal was as follows:

TO FARMERS, MECHANICS AND CAPITALISTS!

You have a solemn duty to perform to your government and to posterity!

Our gallant army and navy must be supported by every man and woman who has any means, large or small, at their control, The United States Government, to which we owe our prosperity as a nation, security of person and property of every sort, calls on each individual to rally to its support — *not* with donations or gifts — though who could withhold them — BUT WITH SUBSCRIPTIONS TO HER LOANS, based on the best security in the world, the untold and scarcely yet tried resources of this mighty Continent, which *were* developing rapidly when the rebellion broke out, and to maintain which, AS A PRICELESS HERITAGE TO POSTERITY, this defence against rebellion is made.

There is no miscalculation, and can be no failure — the cost has been counted, and the burthen will be light to us, and gladly borne by posterity. What our Revolutionary Fathers are to us, WE will be to coming generations, if we fail not in our plain and simple duty!

The owner of every foot of ground, of every house and workshop, owes a debt of service in the field, or of his means in this noble work!

Talk not of Taxes! they *secure* the Loans. Take the Loans! and the Taxes will fall more lightly — and they supply the ready, *present* and *required* means to strike the death blow at rebellion and the foul disturbers of the Nation's peace!

Talk not of Rulers! They are the ministers of GOD! who rules the world and the destiny of this mighty Nation! Our first duty is to God — our next to our country — fail not of either!

Your nearest patriotic Bank or Banker will supply this loan, on which so much depends!

See advertisement on first page. The Bonds are now ready for

delivery at the office of JAY COOKE & Co., Bankers, No. 114 S. 3d St., Philadelphia, Pa.

More useful perhaps than any of its other services was the newspaper's publication of the total sum of popular subscriptions to the loan day by day. In so great a transaction it was impossible to record the names of all the individual takers of the bonds, as Mr. Cooke had done in Philadelphia in 1861 when he was the agent in a limited district for the disposition of the 7-30s, but space could be found for the totals for states, cities and neighborhoods, and the aggregate footings were eagerly scanned, inspiring the hesitant to follow the good example of other men. At the end of March, 1863, subscriptions were being received at the rate of about one million dollars daily, and they were expected soon to reach \$1,250,000¹ which they promptly did. Up to April 10th it was announced that Jay Cooke had sold nearly \$25,000,000 of this loan. For the week ending April 25th the subscriptions were as follows:

Monday, April 20.....	\$1,311,000
Tuesday, April 21.....	1,825,350
Wednesday, April 22.....	2,243,700
Thursday, April 23.....	1,218,350
Friday, April 24.....	1,073,700
Saturday, April 25.....	2,475,000
	<hr/>
	\$10,147,100

On May 1st there was an extraordinary pressure for bonds. The interest being payable semi-annually, on that day, and on November 1st, a desire was shown to obtain "even coupons." Upwards of 5,000 persons, the

¹ *Inquirer*, March 29, 1863.

names of farmers and mechanics being side by side with bankers, capitalists, members of the cabinet and congressmen, ordered through Jay Cooke upon that day, their subscriptions aggregating more than five millions of dollars.

For some time after May 1st, not unnaturally, the subscriptions were made at a diminished rate. The efforts of that day were exhausting. On May 7th Mr. Cooke announced that he had received subscriptions to the amount of \$700,000, distributed geographically as follows:¹

Philadelphia and Pennsylvania	\$286,000
Ohio	174,000
Baltimore and Maryland.....	114,000
Providence, R. I.....	78,000
Illinois	17,000
New Jersey	13,000
Kentucky	11,000
Indiana and Western States.....	7,000
	\$700,000

The next day, May 8th, the subscriptions rose above \$1,000,000 as follows:

New York	\$300,000
Boston	250,000
Philadelphia	105,000
Pennsylvania	66,000
Ohio	126,000
Kentucky	100,000
Michigan	50,000
Baltimore and Maryland.....	35,000
Other states	10,000
	\$1,042,000

¹ *Phila. Inquirer*, May 8, 1863.

On May 10th, Mr. Cooke announced that his sales of bonds since the establishment of the agency had reached a total of \$68,932,150.

The subscriptions were not long in resuming their April rate and soon indeed attained a still higher level. At least a dozen days in May yielded more than two millions of dollars each. Subscriptions were taken aggregating about \$12,000,000 a week. The month closed as follows:

May 20	2,159,050
May 21	2,006,400
May 22	2,492,600
May 23	2,307,750
May 25	2,285,800
May 26	2,929,000
May 27	2,329,000
May 28	2,058,750
May 29	1,640,450
May 30	1,309,600

Mr. Chase, as he freely admitted, had been unable to sell the 5-20s in any market, although he had made the effort to do so for several months. In the autumn of 1862 he found that he could probably obtain 97 or 98 cents for a block of \$50,000,000 with a prospect of lower prices for additional issues. Jay Cooke proposed the sale at par. He had been paid the one-half of one per cent. definitely promised him for his services, commissions of sub-agents and advertising expenses in connection with the first \$10,000,000, but it was impossible to persuade the Secretary to agree to the payment of three-eighths upon later amounts. In vain was he told that Mr. Cooke could not hold his sub-agents and pay his necessary expenses for a smaller allowance. It was

by offering liberal rates of compensation—at least one-eighth—to those who sold the bonds and the generous treatment of the newspapers—one-eighth more for the expenses of advertising, transportation, travelling agents, telegrams, etc.—that he was enabled to achieve his success as a popular loan agent. There seemed then little unfairness in the claim of a third eighth for his own services. He was freely using the one-eighth which should have been his and, with a daring which no other man would have shown,—believing in a righteous determination in the end,—continued to offer the loan, even drawing largely upon his private fortune to meet the costs of the operation, while Chase with inconceivable pertinacity refused to make a definite written contract, and for nearly a year kept the agent in a state of uncertainty and suspense. Jay Cooke and his brother Henry thought that they had secured a verbal promise of three-eighths from Mr. Chase when, frightened by the large subscriptions in May, he attempted to make a different arrangement. Cooke's sub-agents (so the Secretary was told) were boasting that they got one-fourth instead of one-eighth for their services, lumping the commission and the allowance for advertising expenses, and the Secretary insisted that in future they must understand the relationship and furnish vouchers to cover their advertising accounts. Mr. Cisco in New York complained that Mr. Cooke's men were allowing a discount of one-eighth to the public, and they in turn found fault with Mr. Chase who had authorized the assistant treasurers to offer one-eighth to buyers of bonds. The difficulties arising from this source served but to increase the unpleasantness.

SPECIAL NOTICE.

The sales of the
United States SIX per cent. Loan,
called

5-20's

have amounted for many weeks past to
over Two Millions of Dollars daily.

The First of July

is rapidly approaching, when the public will no longer have the right to Subscribe at Par for this desirable Loan, the principal and interest of which is payable **IN GOLD**.

All parties contemplating investing in these Six per cent. Bonds, should at once forward their money through any of the local agencies, or direct, to

JAY COOKE,

Subscription Agent,

114 South Third Street, Philad'a.

A FIVE-TWENTY ADVERTISEMENT SENT TO NEWSPAPERS IN ALL PARTS OF THE COUNTRY IN 1863

On June 1, 1863, Mr. Chase intervened in a way which most disastrously affected the course of the loan. He was determined at once to fix the allowance at one-fourth. It required the diligent labors of Henry Cooke to prevent the consummation even on all sales above the \$10,000,000, and it was only on urgent representations that the commissions had already been paid to the sub-agents, that Mr. Chase was induced to limit his demands to sales made after June 1st.¹ Moreover, he repeated that for the one-eighth paid for advertisements and distribution he must have the vouchers from Mr. Cooke. He telegraphed as follows:

From this date, June 1st, inclusive, your compensation as agent including compensation of sub-agents will be one-eighth of one per cent. and actual expenses of advertising and transportation.²

The Secretary added by letter under the same date:

I prize very highly indeed your services to the Department and have no disposition to reduce the compensation either of yourself or your agents below what is just and liberal. On the other hand I have a duty to the country to perform which forbids me to pay rates which will not be approved by all right-minded men; and I cannot think that now, when your past services must have been fully compensated and when the necessity for extensive advertising must be greatly reduced and the amount of subscriptions so largely increased that a very low rate will afford you a larger remuneration than a very high rate formerly, the original compensation should be continued.

Mr. Chase could retain his composure under attack less easily than any public man of his time both because of his constitutional peculiarities and his political am-

¹ Letter of Fahnstock to Jay Cooke, June 1, 1863.

² MSS. in Treasury Department.

bitions. On December 22, 1862, Charles R. Train, a Representative from Massachusetts, moved in the House for an investigation of the affairs of the Treasury Department:

Resolved that a select committee of five be appointed to inquire whether any officer or employee in any Department of the government is a partner, or interested directly or indirectly in any banking house, money corporation, or other business firm having contracts with the government, or dealing in stocks or other property; and that said committee have power to send for persons and papers and to employ a stenographic clerk at the rate of compensation usually paid to such an officer; and that said committee have authority to report at any time by bill or otherwise.¹

It was a thrust aimed at Jay Cooke, the introducer of the resolution, being as Henry Cooke said "the mere instrument of some jealous or disaffected parties." Mr. Chase had betrayed much sensitiveness to this, the earliest of the Congressional attacks upon his administration, although nothing at all came of it. It did not even have the advantage, which Henry D. Cooke prophesied for it, of freeing Mr. Chase and Jay Cooke and Company "in all future time from the repetition of the charges and innuendoes which have been proven to be false."

In May, 1863, when the subscriptions were so large and the loan was progressing so handsomely the assaults were renewed. Several newspapers joined in the movement. The New York *World* which Mr. Cooke had not yet learned how to conciliate, virulent in its attacks upon him, his house and the entire Union cause, said:

¹ *Globe*, p. 167.

What may be the motive of Messrs. Jay Cooke and Company in thus ostentatiously parading the name of their house in connection with a "great national loan" we do not know. Nor do we care to inquire what induced the Secretary of the Treasury to give to this house a monopoly of the five-twenty funding business instead of doing the business by accredited assistant treasurers in the different cities. That will be a useful matter for inquiry at another time. If, however, Jay Cooke and Company receive from the government one-half of one per centum on all the notes funded we can readily see a powerful motive for that house to procure as large a sum to be converted into bonds as possible. And a good accountant in that case could easily compute from the telegraphic announcements the weekly profits of this favored house. Whether firms in Washington or New York quite as responsible as Messrs. Jay Cooke and Company would have done the same business for a much less percentage others are competent to say. It is not easy to see why more should be allowed to bankers for selling government bonds than to auctioneers for selling government prize ships.

But our people seem to delight in being cheated. The serenity with which they swallow the false statements of the success of our arms; the puffs of upstart generals manufactured to order; the success of the Mexicans; the success of the Poles not less than the repudiations and cunning contrivances of the Treasury Department leave little doubt that the luxury of being humbugged is only equalled by that of being imprisoned without law, wasted by war, and impoverished by taxes.¹

Such demonstrations gave the Secretary of the Treasury much uneasiness. He visited New York and New England. To many, now that the bonds seemed to be selling themselves at the rate of more than \$2,000,000 a day, the task looked very simple and Mr. Chase was besought to put an end to the "monopoly."

In creating the special outside agency, he reserved

¹ May 20, 1863.

the right to dispose of the five-twenties through the assistant treasurers, so that he was scarcely guilty of creating the odious exclusive privilege conjured up and charged to his account by the Copperheads, to his very great discomfiture. Although Mr. Cooke by his single-handed efforts made the market for the bonds, wherever they were sold, no commissions were allowed the Subscription Agent upon sales effected by the assistant treasurers over whose operations he had no control.

Mr. Chase was encouraged to draw the reins upon Mr. Cooke not only by the attacks of certain New York newspapers, but also by John J. Cisco and a group of bankers who revolved about the Assistant Treasurer in that city. They had become jealous of the Philadelphia financier's success, and noted with distinct displeasure his growing prestige. Earlier the principal agent of the Treasury Department, Mr. Cisco, now found that he was overshadowed by a man who operated in another city. His annoyance was increased for he had been outwitted at Washington by Henry Cooke who had effected an arrangement with Harrington and Chittenden by which the orders of Jay Cooke and Company (as the largest buyers) were given the precedence over all others. Mr. Cooke and his houses therefore had a material advantage over the sub-treasuries. Moreover, the Fiscal Agent could order in advance of his needs and keep bonds on hand, when he could obtain them, for immediate delivery, while the sub-treasurers were deprived of this privilege by the regulations of the Department.

But even Mr. Cisco, as unfriendly as he was to Mr. Cooke for no explicable cause beyond his jealousy of

Philadelphia and its financiers and his political sympathies, had the civility to declare that three-eighths was little enough for managing the sale of the loan. Mr. Chase was allowed to cool off. Henry Cooke writing to his brother reports a conversation with the Secretary who said, "that in putting the loan into your hands he had done the best thing possible and he was glad he had the courage to do it, etc. He expected a Congressional investigating committee and charges of favoritism, etc., but he did not care if you would keep things in shape to meet them. He suggested that you should increase your bond which is not so large as the old one. I think if you were to take the old bond and have it renewed so as to cover your new appointment it would answer. He also asked if you could not deposit up a little closer." Thus day after day did this scrupulous and attentive public servant guard his own political interests and the interests as he understood them of his party and his country.

Itemized statements with the vouchers for commissions and all the various expenses incurred in advertising and promoting the loan were furnished the Secretary of the Treasury and he was enabled to see that Mr. Cooke had left for himself considerably less than the one-eighth pledged him as his own part of the allowance.

Despite the Secretary's unsettlement of mind and apparent unwillingness to support Mr. Cooke in the great work, he declared that he would go on with undiminished vim. But in reality he was much hampered by the announcement of Mr. Chase's economical policy, as he was distressed by such expressions of distrust, and the subscriptions were falling off in June quite as much

for this reason as because of Lee's determination to invade the North by a movement which culminated in the battle of Gettysburg.

In June the subscriptions, through the Agency, were as follows:¹

June 1.....	\$1,503,050
June 2.....	658,150
June 3.....	775,850
June 4.....	1,342,300
June 5.....	1,275,000
June 6.....	1,034,550
June 8.....	1,071,000
June 9.....	835,200
June 10.....	1,449,950
June 11.....	1,369,100
June 12.....	1,122,200
June 13.....	1,260,900
June 15.....	543,450
June 16.....	429,900
June 17.....	446,300
June 18.....	546,850
June 19.....	730,800
June 20.....	512,500
June 22.....	456,850
June 23.....	774,000
June 24.....	1,457,400
June 25.....	1,492,950
June 26.....	1,270,000
June 27.....	1,292,850
June 29.....	332,700
June 30.....	1,324,650

During the fiscal year ending June 30, 1863, the loan yielded Secretary Chase \$175,037,259.44 which added to \$13,990,600 for the fiscal year 1862 indicated a total

¹ *Commercial List*, Phila., July 4, 1863.

issue of about \$189,000,000 of these bonds, three-fourths of which had been sold by Jay Cooke.

With the announcement of Lee's determination to invade the North the excitement was intense. There was panic again in Washington, greater than any the city had experienced since the second battle of Bull Run, and the military situation seriously interfered with the calculations of the Treasury Department. On June 25, 1863, Henry Cooke wrote:

If the rebs should cut off land communication with the North Harrington is determined there shall be no interruption of the receipts and deliveries of bonds and of Department business. He will put two or three swift revenue steamers on the line connecting with the railroad at Havre de Grace or beyond and so keep up intercourse. We have no fears of Washington, believing that we are prepared for any force the rebs can bring against us from any quarter, but it is possible that our lines of communication with the North may be temporarily deranged.

On June 29th he observed in a letter to Jay Cooke that they were in "tight quarters, the r. rs. (rebel raiders) being all around the city," although postal communication had not yet been interrupted. "The city," he continued, "is full of all sorts of stories and the anxiety is general and quite intense, but not boisterous. Indeed there is an unusual quiet prevailing and the streets are half deserted, presenting a regular Sunday appearance."

Fahnestock was not so cool or hopeful. He had just returned from a visit to his home in Harrisburg, where the "greatest excitement" prevailed. He wrote Jay Cooke of the precautions taken to protect the Washington office, saying: "We are as low in funds as we dare be and have had a very kind offer from one of the for-

eign legations to protect our traps and one of our clerks in their house in case we should happen to be invaded; so be comfortable upon that point.”¹

To increase the fiscal agent's difficulties he was at such times compelled to face a partner who was a cool Union man. As soon as he withdrew from Mr. Cooke's inspiring presence he was prone to surrender to his fears and despondencies and he had it often in his mind to check the loan operations, and if possible induce a severance of the firm's relations with the Treasury Department. Late in 1862 Mr. Moorhead was writing:

Unless we have a military success near the heart of the rebellion all the talent of the universe combined cannot arrange a financial scheme that will furnish money for the government. We need not flatter ourselves to the contrary. Common sense must guide us in our operations. We can keep near shore and it is our duty to do so.

A few days later, on his departure for Harrisburg, before Mr. Cooke's return after a brief absence from the office Moorhead wrote:

I have become more interested in our business here by my connection with it the last few days and I am convinced that our true policy is to cut down our government securities to the lowest point. We ought not to assume the risk of those things. We cannot sustain their credit with our capital. The amount out is

¹On July 3 after the battle of Gettysburg, Mr. Cooke's friend George R. Messersmith of Chambersburg wrote: "After living nearly two weeks under the rule of our 'Southern brethren' we are still all alive and well, and the 'old bank' has lost nothing. Personally I have suffered heavily having large encampments on my farm during their entire stay. Crops, fences, trees, everything save the buildings, are utterly destroyed. We have had a sad time of it. Up to last evening 50,000 men and 200 cannon have passed through this place. To-day all is quiet and I hope we shall see no more of them. Are these vandals again to escape?"

Mr. Messersmith's "vandals" did escape once more and old Eleutheros

too enormous for our limited means. I much prefer paying debts and sailing very nearly under bare poles for a while. The reputation of our house is so well established that we can do a snug business and make money enough in a quiet way without risk. I want to have a full, free talk on this subject on my return. I am well advanced in years and I trust possess some judgment mixed with considerable discretion. I go for caution.

As late as in June, 1864, when Grant was suffering his defeats in the Wilderness, Mr. Moorhead was still ready to give up the cause:

Don't get in a passion and say that I am "coppery"; 'tis not so. I am sober and look at things as they are. Dispose of all your governments as fast as you can to any advantage. Take in sail and let us be prepared for the worst.

And again the next day:

I have no faith or confidence in the future of this country as a great government. Time will decide and in less than six months, too.

Such lugubrious prophecies counted for very little with Jay Cooke, even though they came from the principal, if a minority partner, in his gigantic operations. He went forward in spite of all discouragements and obstacles. A witness of the events of that time in recalling his enthusiasm for the loan gives the account of a visit of a poor, ill-clad woman, anxious as were

Cooke out in Sandusky, in common with many other loyal men did not sleep for several nights for anxiety lest Meade would not pursue and destroy the retreating army, "almost fainting with regret and mortification at each day's news that no movement" was made for battle. "Never before except perhaps after the battle of Antietam was there so glorious an opportunity to crush the enemy and end the war," wrote Eleutheros Cooke. "Providence had done His part in swelling the Potomac and with wise counsels and prompt action we should now have been celebrating the conquest of Virginia and the practical downfall of the Rebellion."

SUBSCRIPTION AGENT.

CIRCULAR ANNOUNCING THE EXTENSION OF TIME FOR RECEIVING SUBSCRIPTIONS TO THE P. O. PLAN

1

thousands who brought their meagre savings to his office to have from his own lips a recommendation of the loan. She had a shawl wrapped about her shoulders. "I believe in the Union so firmly," said the financier, "that if I were you I would take off that shawl, sell it and buy government bonds."

When the first of July arrived, the end of the term fixed by law for the sale of the five-twenties, Mr. Chase decided to continue the operation. Although in some doubt as to his powers in the case he chose to consider the grant discretionary. It was most desirable from every patriotic standpoint that this liberal interpretation should be put upon the words: "And the holders of United States notes . . . shall present the same for bonds . . . on or before the first day of July, 1863, and thereafter the right so to exchange the same shall cease and determine."¹ There is evidence that Mr. Cooke in the face of this positive command did not very fully believe in the theory of discretionary power. He had honestly thought and honestly stated to subscribers that the privilege of buying these bonds would cease on July 1st. He had as much conscientious concern upon this point as upon another of much more importance, that his promises should be adhered to regarding the payment of the principal of the debt in coin. He constantly made the declaration that it would be so paid, although the enemies of the financial policies of the Union denied that the government rested under any such obligation. Henry Cooke wrote upon this subject:

After a thorough search of all laws, joint resolutions, etc., of Congress, no clause or paragraph can be found establishing the

¹ Cf. Schuckers, p. 346, who advances an odd theory on this subject.

principle that the principal of the funded debt is payable in coin, although this is frequently and positively affirmed of the interest. Such, however, has been the uniform practice of the government from its foundation and it is held that it is in pursuance of constitutional provisions which are above statute law. The Secretary decided over a year ago, and it was so announced, that while the current, or temporary, indebtedness might be paid in greenbacks, the permanent, or funded, debt must be paid in coin, and it was so announced in the papers at the time. All the analogies and precedents, and the requirements of the Constitution make it imperative that the funded debt should be paid in coin, and this assurance ought to be enough without specific law. These views I submit after discussing the subject with Mr. Field, with Mr. West, Mr. Henderson and others familiar with the law, the Department practice and the general views of the Secretary. Besides, the whole phraseology of the different loan acts implies that the bonds, when redeemed, shall be redeemed in gold and silver. Any other construction would give the death blow to the public credit and would be the height of folly. Of course Governor Chase could not be guilty of such an indiscretion.¹

There was some doubt for a time whether Jay Cooke would be continued as the agent after July 1st. Rumors of his withdrawal from the work were published in New York. Mr. Chase had a plan for disposing of a block of bonds at par to a group of bankers, withholding other issues for sixty days so that they could sell them at a premium large enough to compensate them for their trouble, but he was brought to regard the idea as impracticable and Mr. Cooke was instructed to continue his agency for "a brief period," which was set down at probably thirty days.

¹ November 19, 1863. Fahnstock about this time asked Chase if the gold piece worn upon his watch guard was a "reminiscence." "No," replied the Secretary, "a prophecy."

What his compensation was to be was still wholly uncertain. Mr. Chase refused to make an arrangement to which the Subscription Agent would agree. If one-quarter would not do the Secretary thought that three-tenths should suffice. Mr. Cooke responded that the sum was too small. If a change were to be made he must continue to ask for one-eighth for his sub-agents and one-eighth for advertising, while he would suffer the reduction to affect his own share only and content himself with one-tenth for his personal services. Much more could be done with three-eighths than three-tenths and still more with one-half than with three-eighths.

To this the Governor rejoined, [says Henry D. Cooke] that he believed experience and the results accomplished established the correctness of your [Jay Cooke's] opinions, but at the same time that the public, Congress and Congressional committees did not and could not be made to see it in that light, and he felt it an absolute necessity to keep the rate of commission down as low as it could be kept consistently with the successful working of the plan. To show what kind of opposition he had to expect he instanced a remark of Seward's at cabinet meeting last evening. Seward said he could see no reason why the 5-20 bonds should not be put off at a premium, if they were withheld from the public at par; that while '81s were at 7 to 8 per cent. premium, the 5-20s should be at least 4 or 5 per cent., it being conceded, he said, that the market difference between the shorter and the longer security is not ordinarily more than $2\frac{1}{2}$ to 3 per cent. Governor Chase said he could not of course enter into an argument with Seward, but he cited the remark to me as a straw showing which way the wind would blow and as rendering necessary extreme caution on his part.¹

"Go ahead on three-tenths," said Mr. Chase to Henry Cooke on June 29th. If Jay Cooke found that he must

¹ June 24.

trench upon his own one-tenth the Secretary promised to lay all the facts before a joint committee of Congress, recommending his reimbursement, a rather unusual and not very valuable pledge, especially when it was found to include the additional promise that the committee was to be "fair and intelligent."¹

Mr. Chase still expressed much personal friendliness and official gratification. "I am fully satisfied," he wrote to Jay Cooke on July 13th, "that the success of the 5-20 loan is due in a very large measure to your zealous and wise agency."

And on July 22d in concluding a communication he said:

I by no means fail to appreciate the value of your agency or its utility to the government. I do not doubt that the loan negotiated through you has furnished means for meeting public disbursements more economically than could have been obtained in any other way, and that the certainty and regularity with which demands upon the Treasury have been met from the proceeds of this loan have materially lessened the cost of supplies, and in this way saved several times the cost of the agency. But I wish to have all contracts made by the Department definitely understood at the outset and then exactly fulfilled without any departure not mutually and definitely agreed upon beforehand.

In August Mr. Chase was still promising Mr. Cooke an early and definite conclusion as to the amount of the allowance on the sales of the bonds and to assist him in reaching his decision the following letter was sent him under date of September 5, 1863:

Hon. S. P. Chase, Secretary of Treasury:

Dear Sir:—In reply to your inquiry we would state that Mr. Jay Cooke's allowance to western agents for sales of 5-20 bonds

¹ Henry D. Cooke's words in a letter to his brother, June 29, 1863.

gives them one-eighth per cent. commission and one-eighth per cent. to cover advertising, printing, exchange on drafts and freight on legal tender notes remitted to U. S. depositaries, or to Mr. Jay Cooke in payment for subscriptions. The two last named items, exchange and freight, absorb the larger share of this eighth.

In the east the one-fourth of one per cent. allowed to the general sub-agents at New York, Boston and Providence (covering New York, East Jersey and all New England) is expended as follows: One-eighth of one per cent. is allowed these agents as their commission and in addition thereto one-eighth of one per cent. is allowed by them to all country and other agents buying to sell again. This last extends to about half of their total sales. With the balance, one-sixteenth of one per cent., they pay for advertising, circulars, editorials, travelling agents, telegrams and freight on bonds sent to customers, encroaching upon and expending a considerable portion of the one-eighth per cent. allowed them as a commission.

In Mr. Jay Cooke's own field or "home field" the one-quarter of one per cent. is expended as follows: One-eighth of one per cent. is allowed to sub-agents and to parties buying to sell again, and the balance covers the cost of circulars, advertisements, editorial notices, travelling agents (extending all over the two fields eastern and western) and express freights on bonds. Most of the business with the west involves the expense of telegrams both ways. The bonds are sent by express free of charge to western subscribers and agents, the entire expense of which is paid out of Mr. Jay Cooke's allowance.

Into this work and into these channels nearly thirty thousand dollars over the sum set apart for expenses of this nature have been paid which amount comes out of the commission of one-eighth of one per cent. apportioned to Mr. Jay Cooke.

Very respectfully yours,

JAY COOKE AND COMPANY.

Mr. Cooke was now completely out of patience with such behavior, especially when he considered Chase's

movement to sell Treasury notes, thus implying that not enough income could be derived from the five-twenty agency to prosecute the war. He wrote his brother Henry as follows:

There would have been no need whatever of applying to the banks for a loan, selling the legal tender interest-bearing notes at really a $\frac{1}{2}$ discount (giving an average of one month interest to the banks) if Gov. C. had let me alone and not disturbed the old arrangement of $\frac{3}{8}$. As it is, he has kicked over the money market, almost stopped subscriptions to 5-20 loan (if the present panic continues the subscriptions will fall very low) and unless I can regain the lost ground by a fresh and vigorous start I fear we shall find it hard work to make large sales. I want the question decided now. I am tired of this delay. It is discreditable to my skill as agent that sales should fall to below half a million daily as now. I am unwilling to stand in this waiting position any longer. As it is, after waiting and expecting daily instructions, I have of course done nothing in the way of new circulars, or advertising, or sending out agents for more than a month. I cannot work to any sort of advantage simply because I can't say whether I am to be restricted to $\frac{1}{8}$, $\frac{1}{4}$ or $\frac{3}{8}$. You must not let the day pass without final answer. It will be worse than ever if he reduces the amount of the $\frac{3}{8}$ allowance. He must continue it. The work cannot be done as I do it, even for this, but as I have always said, I am willing to disburse the half or whole of my $\frac{1}{8}$ if need be to succeed. . . . Of course I will follow instructions but I want them (if reduced rates are to be the order of the day) down in black and white. Then I shall print and send them to all and do my best to succeed under them.¹

On September 11, 1863, Henry Cooke was able to write his brother as follows:

In reference to the continuation of your $\frac{3}{8}$ allowance the Secretary had several questions to ask me. He did not seem to un-

¹ September 4, 1863.

derstand fully the matter of exchange. I explained it to him in detail and again, for at least the twentieth time, urged him to come to a prompt decision in reference to the whole matter. He said his docket was now clear and he had this matter now under consideration. He promises to give an answer this week. My dear Jay I have urged this matter as strongly as it could be done without giving positive offense, and I have done it with the full conviction that the delay was ruinous to the success of the loan and that it was a matter which concerned the Secretary infinitely more than it did us. At last I believe the question will be settled, and settled right.

Doubtless one of the principal objects of the Secretary's curious course, which Jay Cooke seems then not to have understood, was his desire to avoid a renewal of the charges of favoritism in the autumn campaigns in several critical states. Mr. Chase was in truth more friendly than he appeared. He had no reason to entertain any other sentiments, but he always had a sense of duty which bore upon him painfully, and on no account would he knowingly imperil his political prospects. That the Secretary ever jealously regarded Mr. Cooke's increasing prominence is most improbable. The banker's absolute detachment from politics and total lack of ambition for public office did not suggest a rivalry. Mr. Chase never considered him nor did Mr. Cooke at any time look upon himself as more than the instrument in the performance of a colossal task. There could have been no suspicion of sinister designs, for Mr. Cooke through all the agencies he created and maintained—and they were potent in making public opinion in all parts of the country—was constantly voicing the praises of the Secretary of the Treasury, and they were soon to be used almost openly to favor Mr. Chase's can-

didacy for the presidency.¹ Henry Cooke wrote to Jay Cooke on April 13, 1863: "I talked with Governor Chase as you requested about the newspaper notices and read him what you said about it. He said it was all right, that you need not fear that he will be jealous of your prominence. On the contrary the more you are strengthened the more he will be strengthened, for it will help to silence cavil hereafter against him for having so freely used your services."

On June 2, 1863, Mr. Chase wrote Jay Cooke a letter which has often been cited as an evidence of his rugged honesty. It was as follows:²

WASHINGTON, June 2, 1863.

My dear Sir:

You informed me two or three weeks ago that you had purchased 300 shares of Philadelphia and Erie R. R. Stock for me. At that time I was expecting means of payment from the sale of a farm in Ohio and would have been glad to hold the stock for income. The sale, however, has not yet been effected and I have therefore not been able to make payment.

This morning I have yours of yesterday notifying me that you have sold the stock at an advance, which gives a profit of \$4,200 on the transaction, and you enclose me a check for that amount.

As I had not paid for the stock and did not contemplate purchase with any view to resale I cannot regard the profit as mine and therefore return the check for \$4,200. It is herewith enclosed.

I am much obliged to you for your willingness to regard the money paid for the stock as a temporary loan from you to me; but I cannot accept the favor.

When Congress, at the last session, saw fit to clothe me with

¹ Nothing is more untrue than a contrary assertion in Judge Warden's curious *Life of Chase*, p. 673.

² Published in Schuckers' *Life of Chase*. Original in possession of Mrs. Barney.

very large powers over currency and financial movements I at once determined to avoid every act which could give occasion to suspicion that I would use the powers conferred on me to affect markets unnecessarily, or at all with reference to the private advantage of anybody. To carry out this determination faithfully I must decline to receive any advantage from purchases or sales made with views to profits expected from the rise or fall of market prices.

For these reasons I must decline to receive the check. In order to be able to render most efficient service to our country it is essential for me to *be* as well as *seem* right and to *seem* right as well as *be* right.

Yours very truly,

S. P. CHASE.

Jay Cooke, Esq.

The next day Mr. Cooke replied:

My dear Gov.:

I was quite astounded this morning at the return of my check on Washington. It never occurred to me that you would put such a construction upon this transaction, for the money market, the rise and fall of stocks, etc., was not at all in my mind. I fully agree with the noble sentiments expressed in your letter, and that your course is right and proper. The money don't belong to me. I shall lay it aside for future consideration.

It was only six days after this attack of conscience, however, June 8th, when Mr. Chase wrote to Jay Cooke asking him to add \$1,000 to the \$4,500 he had lately advanced to Mrs. M. L. Bailey, the widow of Dr. Gamaliel Bailey, editor of the *National Era*, the paper which first published "Uncle Tom's Cabin," and faithfully forwarded Chase's presidential ambitions. She had a house in C Street in Washington which Mr. Cooke had taken at the Secretary's request, and with a free hand the banker was investing money sent him by Mr. Chase

for the benefit of the latter's niece, Jane Auld of Loveland, O.

In the meantime Kate Chase's wedding day was drawing near. She was to be married to Governor William Sprague of Rhode Island in the autumn of 1863, said the Secretary, "if they both live and don't change their minds."

Sprague was the scion of a wealthy family of calico manufacturers in Providence. His grandfather, whose name he bore, successfully introduced the art of color printing on cloth and amassed a fortune which enjoyed many accretions under the management of his sons and grandsons until their works were widely scattered over Rhode Island and Connecticut. They were said to be the largest print cloth mills in the world and the appended tracts of land and industrial villages gave the family great financial influence.

William Sprague, the third, was a modest, unassuming type of a rich young man with ability and political ambitions, to gratify which he was ready to expend his money freely. In 1860, at the age of thirty, he became the governor of Rhode Island. He was widely known as the little state's "War Governor," actively leading the Rhode Island troops in the field. After filling the office for three years he was elected to the United States Senate (where he was to remain until 1875) and he was looked upon as the "catch" of Washington. Whatever other motives there were to prompt the alliance Kate Chase seems to have seen in Sprague's millions the opportunity to bring aid to her father's candidacy for the presidency in the contest with Lincoln in 1864, which was already in view.

Despite Mr. Chase's rather open display of his honesty, while the nation suffered for money which at a word from him as to the allowances to be made to agents Jay Cooke would have supplied, there was no intention of giving affront to a banker whose friendship could be so valuable. It was not like the financier to make little differences into great injuries, and Chase, whatever he did, was to all the Cookes the first statesman of the age. Little fear of a loss of these admiring supporters might be entertained, especially as the banker was always put in the position of asking favors of the Secretary, though the government received so much more than it ever gave the financier. Nourishing no resentments, after months of annoyance with the question of the allowance, Jay Cooke pledged Kate Chase quantities of "flowers and good things" on her marriage day in November.¹ He had his brother Pitt send ten boxes of Lake Erie Island grapes to Washington for the wedding. Mr. Cooke's eldest daughter, now Mrs. Charles D. Barney, was chosen to be one of the bridesmaids, but her parents decided that she was too young to play this part in the ceremonies. The entire family was bidden to the marriage or to the large reception which followed it. The guests included the President, the cabinet officers, several members of the diplomatic corps, leading generals and senators and representatives with their respective families, constituting what was probably the most distinguished social company assembled in Washington during Lincoln's administration. The nation regarded it as a notable alliance and it was said the gifts, which were valued at

¹ Kate Chase to J. C., Sept. 7, 1863.

\$100,000, had broken the record for all recent American weddings.

Not only was Secretary Chase awaiting the result of the autumn elections of 1863 to make definite and inspiring arrangements with Jay Cooke for continuing the sale of the loan; the country also waited. The subscriptions through July, August and September were not small, often exceeding one million dollars daily, but there was no sweeping popular enthusiasm, such as had characterized the operation in May and aroused the jealous enmity of the New York financiers. The times, no less than the Secretary's attitude, were unfavorable to large sales. There was a desire to know the Copperhead strength in doubtful states, the issue of the war and the fate of its debt depending quite as much upon the political temper of the people as upon the course of events on military fields. Mr. Chase gained courage and the partial promise of three-eighths of one per cent. for the work, which he had so long feared to confirm, was made absolute. In October the activity was resumed, much to the satisfaction of the Secretary, who said to Henry Cooke that if they could raise the subscriptions to the "old mark," about two millions a day, he could meet his arrearages, take care of his current expenditures and pay the soldiers up to November 1st. Henry Cooke was not hopeful that the sales could be made to yield more than one and a half millions daily without organizing "a foreign demand," but he was a poor prophet, as he very soon discovered.

Jay Cooke was about to depart for Sandusky for a vacation among the fish and ducks of Lake Erie. In the middle of October the sales suddenly and unex-

pectedly rose to the totals of May. Henry came on to Philadelphia to direct the work in his brother's absence. On October 21st he reported a "smashing business" in 5-20s; the total was \$2,364,000. On October 23d it was \$2,617,600; October 24th, \$2,122,100, and for the week, \$12,010,000. Rumors were rife that the last of the loan would all be taken by a few men to be sold out at their leisure at a premium and there was an unprecedented rush to subscribe, very fortunately for Mr. Chase, who in November and December, in addition to the regular demands upon him, had large amounts to make up for the redemption of certificates of indebtedness, falling due in this period.

On October 28th William G. Moorhead, who was also on duty in Philadelphia, wrote that the subscriptions reached three millions; on October 29th six millions. Even his pulses were quickened by the trade during these October days. The "boys" were proud of "beating the Tycoon," as they always called Mr. Cooke, and of passing all previous records in his absence. The pressure for bonds before November 1st was particularly great, just as it had been on May 1st, subscribers desiring to secure "clean coupons." The scenes at the office in Third Street on October 31, 1863, are described vividly in a letter written with a pencil to Jay Cooke by Henry D. Cooke on the evening of that notable day. It is as follows:

My dear Brother Jay:

At half past seven I am here from the office after the biggest day's work on record — too tired to give you anything but a summary of the day's work. The office was besieged inside and out. Scores had to wait and wait, although we had four sub-

scription tables in full blast. Local sales to customers amounted to \$1,800,000. Our orders from the west, etc., were about \$1,600,000 and the subscriptions from New York and Boston, Baltimore, etc., were a trifle over \$10,000,000, making a total of between 13 and 14 millions. We sold bonds until we had not a single bond left on hand and we added only $1\frac{3}{4}$ millions to the orders to preserve our usual margin, swelling the total to 15 millions. Wm. G. went yesterday to Washington to see if we could not arrange with the Secretary to take mint certificates in New York and Boston, etc., in payment for bonds and also certified bank checks, as it is an absolute impossibility to get legal tenders enough to pay for subscriptions. The sales since he left have been \$21,500,000, \$6,500,000 yesterday and \$15,100,000 to-day. We deposited to-day here \$2,600,000 and in New York, Boston, etc., \$5,000,000, in all, \$7,600,000 and Monday will deposit as much more, so as not to swell our balance at the Treasury too much. We have not yet encroached on your mint certificates at the bank (F. & M.), but will have to do so Monday. We made McIntyre take \$1,700,000 certified checks to-day which he carries till Monday, when we will arrange for him to hold them and let the banks pay the l.ts. in instalments so as to prevent too great a stringency in the money market for want of legal tenders. Should he decline we can put in the mint certificates and relieve the banks. Our deposits would have been much larger to-day, but for the impossibility of abstracting from the circulation of the three cities named more than seven or eight millions in a day without creating a panic. Governor C. understands the case, so you need have no uneasiness about our big Treasury balance. It is mostly made up of the two last days' sales. Anticipating a stringency in the money market owing to the absorption of legal tenders, we have discouraged time sales of bonds, and of the enormous aggregate of thirty millions sold this week not more than $2\frac{1}{2}$ to 3 millions are not for cash down and these last are to be paid for on delivery. The difficulty is in making the deposits at the Treasury. I fear this will not reach you till you leave. Should it reach you, however, it will relieve your mind so you can enjoy your trip home.

Affectionately yours,

H. D. C.

These large sales again created a blockade in the Department at Washington and it was impossible to obtain bonds without long delays. Already on September 7, 1863, Jay Cooke wrote his brother Henry: "I don't see any signs of an overissue of 5-20s. Still over 20 millions due us and our western banks and customers are getting savage." After the October rush the situation was materially worse. Mr. Cooke could not get the bonds from the government, nor, as we have seen, could he find the greenbacks with which to make deposits of the money received upon his sales, and this led to a recurrence of unpleasant allegations about his balances. It was stated in some of the newspapers that he and his agents were holding back government money, while they speculated in stocks, an assertion that Mr. Cooke very flatly and positively denied.

On November 21, 1863, he wrote his brother Henry as follows:

The subscriptions each day somehow or other balance my efforts at getting legal tenders. Thus to-day we got in nearly 700,000 in checks on banks and New York drafts by mail, and not one dollar of legal tenders can I realize from this subscription till next week. I have of course to order the bonds or stop receiving the checks, which is equivalent to stopping the supply of money and this puts me in a false position at the Treasury. I am charged at once with all bonds ordered when it is impossible for me to have credit for deposit of funds for several days thereafter. I tried to get McIntyre to-day to let me deposit checks marked good, but he would not take the responsibility. I could have put in a million of such checks. At it is, the money lies idle in the banks and I must await their time to get greenbacks. I have to-night in the various banks of Philadelphia of no use to me (about).....\$1,250,000
In hands of New York correspondents..... 2,250,000

In Baltimore, Boston, and other parties awaiting ability to deposit legal tenders.....	\$ 300,000
One year certificates gold-bearing taken for 5-20s; part in Wash.....	1,700,000
Other government bonds and certificates.....	1,300,000
Orders for bonds which were to be paid for on delivery (expected at time to be in 3 or 4 days) about	7,000,000
Demand loans and other assets, including Nat. Bank stocks, Washington and Philadelphia.....	3,000,000
	<hr/>
	\$16,800,000

A sum vastly in excess of the amount due for 5-20s. . . . If any complaint is made I want you to explain that it is not my fault and is no profit to me, but on the other hand is a source of trouble and care. . . . You must state to the Dept. that the one-year certificates you now hold, together with many more that I now have on hand, should be put in to credit of my account at once. I took them for subscriptions from all quarters and it is not right that I should now be required to keep them.

"The money is of no sort of use to me or the agents, and would all be in the Treasury if it could be put there," Mr. Cooke wrote again about this time. "The deposits to-day will be very handsome and all my agents as well as myself will advance all the money we can get greenbacks for out of our own resources, although the big amount of bonds due us hurts our sales and bothers us generally."¹

A letter was sent to Secretary Chase over Mr. Cooke's head by a purchaser of bonds in Milwaukee, asking why he did not receive that for which he had paid and expressing a doubt in the good faith of the government.

I am glad Gov. C. sees how much this delay hurts and annoys me, [Jay wrote to Henry Cooke, on November 30th.]

¹ To H. D. C.

I don't wonder at all that people grow uneasy at four weeks' delay. It is entirely inexcusable. About 33 millions of bonds are now due me and from me to the subscribers. This letter is the first instance in which any doubt has been expressed, but I have lots of letters scolding and blowing us all up for promising bonds in four or five days, and then not furnishing them in 30 days. I manage to keep everybody good-natured. . . . Try and get a despatch in the papers encouraging the people. . . . I have kept on depositing every day every dollar that I could get legal tenders for, and it is not my fault that the account is not as near square as it was before the great rush. I would much prefer it to be so, you know. There is always of necessity when sales are one to two millions a day a balance apparently on the books against me of three to six millions, as we order bonds by telegraph and the certificates of deposits in the sub-treasury do not reach Washington for two or three days thereafter; but this I suppose you have explained to the Secretary and it cannot be avoided in such a large business. In the present case I am doing the best I can. I have deposited each day every dollar that was possible and have balances in nearly all our banks here, and large balances entirely idle and useless to me in New York, Boston and Baltimore which my agents are exerting themselves to turn into legal tenders, and deposit daily all they can get. . . . I am paying in out of my own funds also and could square up in one day if the bonds were all delivered. I have to take the risk of the bonds ordered and not yet paid for being taken and the item of interest on this amount does not compensate me at all for the delay and annoyance and risk, for I have to turn in my own funds as far as I can get a chance to do so, and assume the risk of the parties taking them after so long a delay; for if any great trouble should arise and the five twenty loan drop, as it did once before, to 93 or 95, I should be bound to take them from the government and might have them thrown on my hands.

Although Jay Cooke and Company were receiving from three to four millions daily in December, at Christ-

mas time the Department was still about five weeks behindhand with its deliveries of bonds.

Meanwhile the Washington as well as the Philadelphia office of Jay Cooke and Company was growing and expanding as the demands upon it increased. Already in December, 1862, Henry D. Cooke wrote that the building at 452 Fifteenth Street was "thronged." There was not enough "counter room"; the "help" was insufficient. He and Fahnestock were looking for larger quarters and for new clerks and assistants. They were doing a greater business than Riggs and Company, or any other firm in Washington. Sometimes during the 5-20 excitement, even after the force was materially increased, the clerks as well as the partners of the house worked until one o'clock at night, returning at five in the morning to clear the books of accumulated orders for bonds. Five or six millions were shipped in thirty-six hours in September, 1863, and the business of the house assumed proportions only second to that which marked the days at the parent office in Third Street.

In his report to Congress in December, 1863, Secretary Chase made the only complimentary references he had yet dared publicly to address to Mr. Cooke. They were not lengthy, but so far as they went well deserved and just. Late in November, while preparing the paper Mr. Chase had denied himself to everyone, even refusing to see Simon Cameron when he called, but Henry Cooke slipped him an invitation to Thanksgiving dinner, which was accepted. The Governor was in "the best possible spirits," but "indisposed to touch upon business at all," although he was given "every oppor-

tunity to speak his mind." While he had had no hand in framing it, the report met Henry Cooke's fondest expectations, especially in its declaration that the distribution of the loan would not be transferred to any other house. The Secretary of the Treasury said:

The plan of distributing the seven-thirties was that of employing a large number of agents in many places, and directing their action from the Department. It worked well for a time, but was soon found inadequate to the financial necessities of the government. For the distribution of the five-twenties, therefore, a different plan was adopted. After ascertaining by inquiry that they could not be disposed of to capitalists in amounts sufficient for prompt payment of the army and navy, and for the satisfaction of the just claims of public creditors generally, without serious loss, the Secretary determined to employ a general agent under adequate bonds, and confide the whole work of distribution, except so far as it could be effected by the Treasurer, Assistant Treasurers and designated depositaries, to him and sub-agents designated by him and responsible immediately to him. Under this plan, and chiefly through the indefatigable efforts of the general agent and his sub-agents five-twenty bonds to the amount of nearly four hundred millions in denominations of 50, 100, 500 and 1,000 dollars were distributed throughout the whole country not controlled by the rebellion and among all classes of our countrymen. The history of the world may be searched in vain for a parallel case of popular financial support to a national government. The Secretary is unable to perceive in what better or more effectual mode the important object of distribution could be accomplished, and he proposes no departure from it, except such as considerations of economy, harmonized with efficiency, may suggest.¹

Jay Cooke was repeatedly urged, particularly by his brother Henry, to sell a large lot of the 5-20s in European money centres, but he resisted all the importunities

¹ From Report of December, 1863.

of such advisers on patriotic principles. On March 1, 1863, he received a letter from George Manly of New York suggesting a foreign loan of from fifty to one hundred millions. "I apply to you," said he, "because you can, I have no doubt, arrange the whole matter if any one can. This is no speculation started here; we have the application from one of the largest and richest banking houses in Europe and know it can be done and I think upon very favorable terms." He asked for a personal interview and the letter gave Mr. Cooke the opportunity to state his opinions on this subject clearly and conclusively. He replied as follows:

I have not the remotest doubt that the holders of foreign capital will, when they see it for their interest and not before, take hold of our government securities. I am equally sanguine that they will have to pay dearly for them. I for one hope that they will never invest a dollar in this country. We are free from foreign debt now. I count it one of the many blessings to offset the miseries of this war. I do not think it for the interest of our country that our debt should go abroad. Let us hold it all here. We are able to do so and had better not put a whip into the hands of foreigners to punish us whenever they see fit to go to war with us. I am against any foreign negotiations and trust that none will be made, although it would be very desirable to see sterling decline and gold bear a less premium. The measures adopted by Congress, if rightly carried out, however, will soon put a stopper on speculation of all kinds and cause a bigger panic in Wall Street than you or I have ever witnessed.

Henry Cooke criticized his brother's course in this matter. He thought that if Europe were interested in Northern rather than Southern loans its sympathies would not be so exclusively Secessionist, and the gain in this, if in no other way, would be valuable. He believed that it would be well to keep at least nine-tenths

of the debt at home, but urged that the other tenth, say \$100,000,000 or \$150,000,000, should be placed in foreign countries. Moreover, the operation would, said he, scatter the gold speculators, raise the price of government securities and incidentally yield Jay Cooke and Company large profits. He wished the negotiations to proceed through Baring Brothers. He talked with Chase and Sherman on the subject and was promised an option for ninety days on any part of \$100,000,000 at par, on which he thought there would be a margin of two or three per cent. Mr. Chase suggested that he should go to England at public expense with Robert J. Walker, whom the Secretary had been intending to send abroad on such a mission.¹ The suggestion was that with the co-operation of the Barings they should get propositions for a loan payable at the pleasure of the government in ten, twenty, thirty, or forty years, then submitting the bids to the Secretary for his choice. Jay Cooke discouraged this movement as he had Manly's, although Mr. Chase about this time sold \$10,000,000 in New York for foreign (German) account without the fiscal agent's mediation and for a time there was a prospect of further shipments to European banks, through the same channels. Thus the question of foreign loans rested until October 12th, when Fisk and Hatch, Jay Cooke's New York agents, made a proposition for the sale of about \$100,000,000 to a "ring" of three or four wealthy and responsible Germans. They suggested that he go to New York to consult with the men and he gave some attention to the matter; but the \$100,000,000 dwindled to \$5,000,000 and a turn in the

¹ Letter of H. D. Cooke to Jay Cooke, March 7, 1863.

price of gold made the transaction look very much less attractive to the brokers, so that it bore no fruit.

Late in the year overtures were received too from England. They came from James McHenry, a daring Anglo-American financier, earlier a resident of Philadelphia, and William Evans, with whom Mr. Moorhead had been associated in some business transactions abroad. Their representative brought letters to Secretary Chase from Bright and Cobden and also had letters to several important men from Charles Francis Adams, the American Minister to England. The legate said that the United States had not one friend in the financial district in London, "while the Confederates had scores of claqueurs and advocates and bolsterers of their credit." All that was needed, he thought, was to make known the truth (that the North and not the South would win the victory) and to secure the interest of a few prominent Englishmen in the bonds when there would be "no end to the amount" that could be sold in Great Britain. Jay Cooke was still not eager for such arrangements and the loan had been practically closed before the negotiations were completed. Mr. Evans came to Philadelphia in person, being entertained at Mr. Cooke's home in the Cheltenham Hills, and in February, 1864, some small shipments of bonds were sent to him on account of the firm of Jay Cooke and Company, the remittance, as Mr. Cooke particularly explained, being an individual matter and irrespective of his government agency, for "your government, I know," wrote Mr. Evans, "neither seeks nor requires any aid from abroad." The first sale of \$10,000 was made to John Bright, the sturdy friend of the North throughout every

crisis of the war. Mr. Cooke gave Mr. Evans an allowance for advertising the loan in the English newspapers, but not as much as his agent desired. He asked for £1,000, but the incident, unproductive as it was of large results, is indicative of what Mr. Cooke could and would have done by an application of his methods in foreign countries, if he had not succeeded in distributing the loans at home. The premium on gold was such that the 5-20s were sold in England at this time at from \$60 to \$65 for a \$100 bond. "Send me more bonds," wrote Mr. Evans in 1864. "They will find their way and will make friends wherever they go." But such operations as were carried on abroad were trifling and private. They were not for government account and the great 5-20 loan went to the American people almost in its entirety.

In the closing months of 1863 the bonds were being disposed of in regularly large daily amounts. On November 17th Cooke wrote to Chase:

"There is nothing on record in history to compare with the triumphs of this appeal of yours to the people of our land, and I feel a just pride in having been under your instructions one of the instruments in this great work. . . . My estimate of the number of individuals subscribing to the loan to date is 536,000, of all classes,—high and low, rich and poor, white and black,—and of all nations and tongues, trades, occupations and professions."

Soon after the New Year the end was in sight, barring the Secretary's determination to continue the operation beyond the limit—\$500,000,000—which had been fixed by Congress in the law authorizing it. At

one time there was a possibility of an extension of the limit through further legislation. Mr. Chase told Henry Cooke that "he was and should continue to be in great straits for money and that he could not afford to have any stoppage in his daily supplies." No other certain means of furnishing the government with the necessary income presented itself to the Secretary's mind and the prospect of a violation of faith with the people which such action would imply deeply agitated Jay Cooke. In a long letter to Mr. Chase he wrote on January 16, 1864:

And now, my dear sir, understanding from my partner and brother, H. D. Cooke, that you have it in contemplation to apply for authority to continue sales of the 5-20 loan beyond the 500,000,000, I think it my duty to ask your attention to the following reasons why I think such extension of the loan should not be entertained or decided upon, and I will here first state that, as I understand it, you were heretofore decided not to extend the six per cent. 5-20 loan. I certainly have received such an impression myself from the tenor of your remarks from time to time. Mr. Cisco told me he so understood your views, and others have the same firm belief as to your views in this respect. Since my last visit to Washington I have considered myself as warranted in saying that you had decided positively on this subject, and that the various rumors in the papers as to an application for extension of time and amount of 5-20s were false and had no foundation other than perhaps the statements of the newspaper men. The impression that myself and all our agents all over the land have sought to make available in making sales of 5-20s is this, that the 500 millions would soon be all gone and then no more six per cent. gold-bearing bonds could be had except at a premium. I need not assure you that we have succeeded in disposing of many millions to parties who have hastened their orders, sometimes at considerable trouble and sacrifice, to be certain of getting them now.

I am always extremely cautious in making any uncertain statements or indeed any statements as to your views or plans so far as known to me, but in this case we all felt so sure that you had positively decided against any extension that we have stated it as a fixed fact. Our reputation is therefore at stake and our usefulness as agents will be greatly damaged if what we have stated so constantly of late in every variety of form, in editorials, telegraphs, letters and orally, shall prove false. . . . It would be in my deliberate judgment a breach of faith with the tens of thousands who have subscribed, with the expectation of getting a premium, or at least of securing a valuable prize as an investment, now to make this loan so common and take away every element of our success, and brand as deceivers all those who have in such good faith used all legitimate arguments to increase sales. . . . It may seem that your agent and others who thought they understood your settled views on this subject have no right to interpret them to the public with whom they more immediately come in contact, but is it right thus to cause us all to appear as deceiving the public? . . . I predict that you will not be able to make sales to any extent if this course is pursued; the act of extension after what has passed will throw a fatal damper on all the present and future negotiations of this kind. People will at least lose faith in me and I feel that I cannot with any heart or energy continue the labors I am now undergoing, and I would prefer to close my agency with honor and credit with the 500 millions, as my continuing as agent after all I have led the public to believe (as I thought with a perfect concurrence on your part) is proved to be a sort of trick upon the public on my part, and the part of those I employ. . . . What you in your stern integrity most admire, I think, is honesty of expression of views. In this case it cannot escape your notice that (and as I trust always heretofore in time of public need) I am urging a course entirely contrary to my personal interests pecuniarily. . . . I earnestly hope, therefore, that these most faithful representations may decide you to omit any application to Congress for any extension of the loan.

In deference to the opinion of Mr. Cooke the Secretary determined to close the loan when the \$500,000,000 were sold. This day came on January 21, 1864, amid a whirl of orders from the various agencies, all fearful that the opportunity to obtain their fair final portions would escape them. It was foreseen that it would be no easy matter to bring the operation to an orderly end. At the close of January 18th the amount still unsubscribed for was only a little over \$11,000,000, and the sales of the 19th reduced the balance to \$8,872,500. The time had now come to inform the agents that no more subscriptions could be taken. It was supposed that about two millions would be ample to cover the needs of distant subscribers whose orders were in transit, and would be received by course of mail. Mr. Cooke decided to take all orders started and on the way up to the end of January 21st, then telegraphing in every direction that the loan was closed. So large were the subscriptions of the last day that the \$500,000,000 limit was exceeded by about \$11,000,000, and it required a special act of Congress to legalize the emission of bonds to cover the sales which, in this hour of enthusiasm, were reported from every loyal American neighborhood.¹

"If Gov. C. could see the crowd of our first and best people in my office the last three days and have heard the congratulations and flattering speeches," Jay Cooke wrote on January 22d, "he would have been delighted. All speak of Governor C. as the most triumphantly successful financier the world ever produced."

¹ Act of March 3, 1864.

Office of Jay Cooke, Subscription Dept.
114 SOUTH THIRD STREET.

Philadelphia, January 29 1864

Dear Sir,

In reviewing the history of the past year as connected with the negotiation of the Five, Twenty year U.S. Loan, and its final absorption by the people of our own country, allow me to send it to you my grateful acknowledgments of the services which you have rendered in its behalf.

Never before in the history of this or other countries, has any financial emergency so vast in its proportions been so promptly met; and when we consider the great obstacles encountered by the Loan at its inception, the courage with which even its professed friends at first regarded it, and the disloyal attacks of its opponents, and then recur to the development of the patriotic spirit of the nation, and its wonderful resources, as shown by the subscriptions to this Loan, of all classes of people, from the day laborer to the Capitalist of the largest means, we may be permitted to hail the result as evidence of both the determination and the ability of the Nation to sustain the Government in all its emergencies, and to prosecute to final success, the

JAY COOKE'S LETTER TO HIS SUB-AGENTS, CONGRATUL.

most colossal war of modern times.

To the able Secretary of the Treasury who devised this system of popular loan agencies, thereby proclaiming his confidence in, and appealing directly to, the patriotism of the American people, is primarily due the credit of this grand achievement - to his agents in placing the Loan, we have reason to congratulate him, not less than ourselves, for the success that has attended our efforts.

Looking hopefully to the future, I think we may regard the success of this Loan as the herald of the approaching day of Peace, Union, and permanently established Prosperity, in which the citizens of every section shall participate.

And when the history of these times shall be written, we shall have no cause to regret that we and you, and all connected with this negotiation, have tried to perform our duty.

Again thanking you and bespeaking in behalf of whatever agency the government may select in its communication with you in the future, the same earnest and faithful cooperation which you have extended to me, I am

Sincerely yours

Jay Cooke
Subscription Agent

Mr. Cooke now forwarded a congratulatory circular letter to all who had been associated with him in the great undertaking. It was as follows:

Office of Jay Cooke, Subscription Agent, 114 South Third Street.

Dear Sir: PHILADELPHIA, January 29, 1864.

In reviewing the history of the past year as connected with the negotiation of the Five Twenty year U. S. Loan and its final absorption by the people of our own country allow me to tender to you my grateful acknowledgments of the services which you have rendered in its behalf.

Never before in the history of this or other countries has any financial emergency so vast in its proportions been so promptly met; and when we consider the great obstacles encountered by the loan at its inception, the coolness with which even its professed friends at first regarded it and the disloyal attacks of its opponents and then recur to the development of the patriotic spirit of the nation, and its wonderful resources as shown by the subscriptions to this loan of all classes of people, from the day laborer to the capitalist of largest means, we may be permitted to hail the result as evidence of both the determination and the ability of the nation to sustain the government in all its emergencies; and to prosecute to final success the most colossal war of modern times.

To the able Secretary of the Treasury who devised this system of popular loan agencies, thereby proclaiming his confidence in and appealing directly to the patriotism of the American people, is primarily due the credit of this grand achievement. As his agents in placing the loan we have reason to congratulate him no less than ourselves for the success that has attended our efforts.

Looking hopefully to the future I think we may regard the success of this loan as the herald of the approaching day of Peace, Reunion and permanently established Prosperity in which the citizens of every section shall participate. And when the history of these times shall be written we shall have no cause to regret that we and you and all connected with this negotiation have tried to perform our duty.

Again thanking you and bespeaking in behalf of whatever

agency the government may select in its communication with you in the future the same earnest and faithful co-operation which you have extended to me I am,

Sincerely yours,

JAY COOKE,

Subscription Agent.

The agents warmly complimented Mr. Cooke in return. Fisk and Hatch, his leading representatives in New York, wrote: "We congratulate *you* on the successful termination of the grandest financial triumph the world ever saw."

F. P. Handy, President of the Merchants' Bank of Cleveland, replied to the circular: "Allow us to congratulate you on the glorious success of the popular 5-20 loan. We have talked it up day and night for a year past and have seen no time when we would not have taken the whole of it if we had had the money. Looking to the future, we join with you in regarding its success as 'the herald of peace and reunion.' Such 'bonds' can never be broken."

McKim and Company of Baltimore wrote: "We must be permitted to express to you the gratification the perusal of your patriotic and graceful circular in reference to the sales of U. S. 5-20 bonds has given us. It was a noble effort on your part, most nobly sustained by the patriotism of our countrymen, and the splendid result may be contemplated with just pride by yourself and all having any agency in the matter. We beg to tender you our most cordial congratulations on your great achievement."

Many of the newspapers also joined in the chorus of congratulation. The Philadelphia *Inquirer* said:

"This loan constitutes one of the most remarkable features in the financial history of any country and its success has no parallel. . . . No nation on the face of the earth can boast of success so complete and at the same time so safe and satisfactory to all parties concerned."

There was now no reason to doubt the truth of Mr. Cooke's frequently uttered prophecy that the 5-20s would sell at a premium. The Secretary of the Treasury at Jay Cooke's suggestion determined to buy at par or less all of the loan in excess of the 500 millions and telegraphed Mr. Cisco in New York to make this offer publicly, thus strengthening the market against attacks of the enemies of the public credit congregated in that city. This in connection with other measures was immediately effective in establishing a ready market for the 5-20 bonds. They were quoted and sold at 102 on the 21st of January and rose above 104 on the 23rd. In February their price was 107 and in March 110.

The great task of selling more than a half billion dollars' worth of six per cent. bonds amid the uncertainties, fears and reverses of a terrible war was now completed and there yet remained for Mr. Cooke only the assaults of the Copperhead editors and politicians, and his envious rival financiers. He had risked his fortune and his honor in dealings with about 2,500 sub-agents, of whose integrity he could have no pledge. He had sold bonds to buyers who would not receive them because of the fall in their price, which he raised again by main strength in the New York markets. He was compelled to cancel orders because of the Department's failure to make deliveries of bonds for weeks, and sometimes for

two or three months, after they were sold. At his own risk he received and exchanged for the bonds the most various kinds of currency and commercial paper. At times he paid the government for and was under an obligation to deliver to his customers in all parts of the country millions of dollars' worth of bonds when hostile armies surrounded Washington and multitudes of loyal men were predicting the end of the Union.

While he was selling the bonds the Secretary of the Treasury, with his eyes set upon the White House, sought for months to reduce his commission below the amount which had been agreed upon and which he was expending upon the loan—three-eighths of one per cent.—and threatened the operation with ruin in fear of the attacks of Copperhead editors and Congressmen. He absolutely refused to pay any commission upon the amount sold in excess of 500 millions and upon that part of the loan taken through the sub-treasuries. He would pay but one-fourth instead of three-eighths upon such amounts as were sold through Jay Cooke's Philadelphia and Washington houses without the mediation of sub-agents. The Secretary constantly looked at Mr. Cooke's balances, questioned his movements and cast suspicion upon his operations as a protection against his own rather than the banker's enemies, the anti-Chase Republicans seeking to establish a sinister connection between the Department and the great Philadelphia banking-house. Under the weight of the difficulties with which he was beset by an inexorable government bureau, Mr. Cooke wrote to Chase in November, 1863: "I . . . have struggled through the year with a weight of care and anxiety upon me which, had I fore-

seen the extent of it, I should have shrunk from with dismay."

The time was now at hand for Blanche, Tray, Sweetheart and all to join in the concert against Jay Cooke. "I know you are all right," wrote his brother Pitt about this time, "and the country owes you a debt as great as it did old Robert Morris, the 5-20 man of the Revolution. He was very well abused also. The attacks are dictated by New York jealousy." In that city the *World*, the *Express* and the *Journal of Commerce* renewed their hostile assaults upon the Secretary of the Treasury.

At the end of a long letter to Chase on January 21, 1864, Cooke wrote:

"I feel very happy at this closing of the loan. Was there ever a greater triumph? Is it possible that after all your responsibilities in the matter, and our efforts, there can be found demagogues so vile as to find fault and attribute wrong motives, and all sorts of unworthy influences to this grandest of all negotiations? God forgive them."

The editor of the "Annual Cyclopaedia," published by Appletons, in the volume for 1862 made a most inconsiderate assault upon the government's financial system and Mr. Cooke promptly called the offender to account for the statements in his article. His New York agents supported him faithfully. Fisk and Hatch took care of the editor of the Encyclopedia and by way of a rejoinder obtained his consent to insert in his next issue an article which Mr. Cooke was having prepared by Dr. William Elder, the statistician of the Treasury Department. Mr. Clews and Mr. Vermilye took in hand the editor of

the hostile *Journal of Commerce* and Mr. Cisco, who as a Federal official serving under Mr. Chase was willing to have his praises sung by such newspapers at the expense of those standing over him.

Mr. Cooke, although usually very composed under attack, was stung by these fresh assaults upon his public and private honor, but his New York associates urged him to await his justification at the hands of Mr. Chase, which was soon to be effected very handsomely.¹

¹ About this time Mr. Cooke received the following letter from a journalistic lieutenant explaining the situation in New York:

NEW YORK TIMES, Jan. 28, 1864.

My dear Sir:

Mr. Stone of the *Journal of Commerce* does not speak to me when we meet. He gets the worst of every tilt he makes with me. This I say from no feeling of vanity for I esteem it no great credit to reply to the blind and vindictive assaults which he occasionally makes on the public credit, the national banking system and the Secretary of the Treasury. His hostile position to the government was taken in 1861. He is properly appreciated here and I only regret that you should feel his venom for a moment. He made one apology at the instance of Mr. Clews, so far as you were personally impeached. But he hates the administration too bitterly and indulges the spite of a very small mind too freely to forego his repeated attacks upon Mr. Chase through you. He bespatters Mr. Cisco with his fulsome praises. I do not know how Mr. C. appreciates the bad taste thus indulged by his Democratic friend. I do know what he ought to do to put a stop to this miserable way of making war upon his chief. I told Wm. M. Vermilye of it a few days ago in connection with the very article which you enclosed to F. and Hatch. He promised to rub Cisco in a quiet way when a favorable opportunity offers.

I have not been unmindful of the attacks upon you, but awaited the reply of Mr. Chase to the Congressional Resolution as a favorable occasion for a general reply. Meanwhile rest assured you are not suffering in this quarter or in the great public estimation of your signal and successful service with the popular loan. The *Journal's* abuse really enhances your reputation with all friends of the government. I do not care to make an issue with Mr. Cisco or his claims as a negotiator for the Treasury, as we are on good terms and I am more than willing he should have all the credit due to his efficiency as a sub-treasurer. But a great or economical negotiator for the Treasury I do not esteem him, nor do I see

Alexander H. Coffroth, the Democratic successor in the House of Edward McPherson of Pennsylvania, introduced a resolution in that body which was adopted on January 5, 1864. It was as follows:

Resolved, That the Secretary of the Treasury be requested to report to this House what have been the services of Jay Cooke and Company to the government in the sale of United States securities and what has been the rate and whole amount of compensation therefor.

Also whether said services might not have been as successfully performed by the Treasury Department itself.

Also what sums of money if any have been paid out of the Treasury for advertisements ordered by Jay Cooke and Company.

Secretary Chase and the Cookes were glad of this opportunity to cover the whole ground, vindicate the entire policy and if possible put an end to all future complaint and criticism. With this end in view the Agent

that it was at all in his line of duty and certainly beyond his spare time to canvass as you did for the popular loan. Beyond the offers made by the Associated Banks in New York he could do but little in placing such a vast sum, and these offers were never near the par value of the stock until long after you had established its certain success among the people. Had the attempt to cut off your agency last June succeeded the Treasury would have been at the mercy of the banks to shave the remainder of the loan on their own terms. Had you withheld your efforts in November and December for the Fourth National Bank the system would have been crippled in New York for a year to come.

I have all the figures at command of the various negotiations of Mr. Chase and Mr. Cisco with the New York banks and the cost of each. And when Mr. Chase replies to the Congressional Resolution it may be appropriate to draw the parallel which I will do in very plain terms, however it may wound the vanity of certain parties here. To approach Mr. Stone for justice to you personally would only be to magnify his already disgusting self-importance. I prefer to flaunt defiance in his face. But perhaps some other friend of yours could effect a quiet apology. I leave you to judge of the matter. Let me hear from you again.

Truly yours,

C. C. NORVELL.

had very full and careful statements of his operations prepared and forwarded to the Treasury. He pointed out the fact that the cost to the Department of negotiating \$125,000,000 seven-thirty three year notes and \$50,000,000 81s, reducing the interest rate to the six per cent. basis of the five-twenty loan had been \$11,500,000, or $6\frac{1}{2}$ per cent., while the expense incurred by the government in floating the \$500,000,000 of five-twenties was only \$1,400,000 or about one-fourth of one per cent. Mr. Chase's principal operation, before this one which he committed to the care of Mr. Cooke, had cost twenty-five times as much to the government, a showing which of itself should have insured them both against criticism. Fully to enlighten the Department in preparing its report Mr. Cooke forwarded this letter to the Secretary of the Treasury: ¹

PHILADELPHIA, January 16, 1864.

S. P. Chase,

Secretary of the Treasury:

Dear Sir:— The last twenty millions of the 5-20 loan are being rapidly absorbed and in reference to the approaching close of subscriptions a brief review of the operation of the system of popular agencies, as employed by you in the disposition of this loan, under my subordinate supervision may not be inappropriate.

In estimating the value of this system two considerations are essential to a correct conclusion, first the magnitude and importance of the work accomplished and secondly the cost of its accomplishment.

Viewing these in their just relations to each other I think it cannot be fairly denied that the wisdom and economy of the plan adopted are fully established. First the result accomplished in the

¹ MSS. in Treasury Dept. at Washington, Division of Loans and Currency.

universal diffusion among the people of the loyal states of a loan of unexampled amount in an unprecedentedly brief period of time.

Within less than eighteen months the enormous aggregate of five hundred millions of dollars has thus been diverted from the ordinary channels of investment and trade as fast as needed by the government without serious disturbance to the industrial or commercial interests of the country. The value of this result does not consist alone in the fact that the vast amount named has been provided as fast as required by current disbursements, but in the further fact that in the main the takers of the loan are our own people of all sections, occupations and degrees of wealth. In popularizing the loan more than a mere temporary emergency has been met. The foundation has been laid for future loans and the national credit has been placed upon a broader and firmer basis than it ever before occupied. Not only have the people been made familiar with this form of investment and induced to give it their preference over all others, but their unlimited and hitherto unappreciated ability to meet all the financial wants of the government even under the most exhaustive demands has been demonstrated.

Without stopping to refer to the popular effect upon our own people of these unexpected developments it may with confidence be claimed that the exhibition of our national capacity and self-reliance thus presented to foreign governments cannot have been without its effects in aiding to produce the recent change in their hitherto equivocal, if not hostile attitude towards our own government.

Another result effected by the rapid absorption of the loan under the popular agency system has been the saving to the government in the cost of war munitions and supplies by the promptness with which all demands have been met since the system went into operation. It is believed not to be an extravagant assertion to state that the reduction in the expenditures thus incurred from the expenditures that would otherwise have been necessary would, if reduced to dollars and cents, repay more than twenty times the entire cost of negotiating the loan.

At the time when the loan was first offered to the public the credit of the government, if not actually impaired, was at least seriously depressed. Contractors were selling their settled demands at rates of discount ranging from eight to eighteen per cent., and new contracts for supplies of all kinds were injuriously affected by the delays and uncertainty of payment. In nearly all such cases the government was the eventual loser of the discount since contractors added it to their estimates of cost of supplies. The effective means taken to dispose of this loan contributed materially in affording immediate relief. Our noble armies in the field received promptly their well-earned pay and every branch of the public service felt the impulse of renewed vigor and determination imparted by the splendid success of your well devised measures of finance. The sale of these bonds then so favorably inaugurated has not been permitted to languish, but has continued with uninterrupted steadiness to the present hour.

The whole transaction in all of its extent and importance may justly be considered a great success which is due not less to the profound wisdom of the system of which this loan formed a part than to the large yet judicious liberality with which you provided for its sale and distribution.

The second inquiry relates to the cost of the vast work accomplished. If the expense incurred be in excessive proportion to the work achieved, or if it can be shown that the same result could have been attained more economically, or more effectually, or with less disturbance to other interests through the ordinary official agencies of the Treasury Department then the plan adopted in the negotiation of the five-twenty loan is fairly subject to the criticism of which in some instances it has been the subject. If the reverse is shown the efficacy and economy of the system of popular agencies are placed beyond cavil. This system has not been exclusive in its agencies. It has been opened to all who chose to engage in the work of popularizing the loan. Nearly twenty-five hundred agents, mostly responsible heads of banking firms or officers of chartered banking institutions, representing every considerable town and populous district in the loyal states, have thus been employed. By means of their local position and

influence they have brought and kept the merits of the loan prominently before the people of their several localities, and the commissions and allowances paid them have stimulated their efforts in its behalf. They have in countless instances determined, or changed the direction of investments into the channel popularized by their efforts. They have practically loaned to the government the use of all their banking facilities by the aid they have afforded purchasers of the loan. This has been done by furnishing the latter exchange on New York, in cases where legal tender notes could not be obtained by the sale or exchange of their other securities, by temporary advances, or by providing bonds in advance of sale that they might have them ready for delivery upon demand of their customers. In many other ways which need not here be enumerated the private and incorporated banking capital, and the financial influence and energy of the whole country have been enlisted in the great work of placing among the people this greatest of all loans.

It is evident without further comment that so large an achievement which tasked the united efforts of the greater proportion of the banking interest of the country with its extended influence and clerical force could not have been effected by the ordinary limited agencies of the Department with only its half dozen sub-treasuries and eight or ten depositories.

Moreover if the Department itself after orders had been procured by the agencies had undertaken to distribute direct to each individual subscriber, instead of leaving the work of distribution to the sub-agencies, the details of the business would have rendered necessary an enormous increase in its clerical force, and even then the official formalities and legal limitations of action would have presented insurmountable obstacles in the way of prompt distribution.

A distant officer could only have sold the bonds for legal tender notes actually paid which were not always to be commanded at the place of purchase. As the general subscription agent I was enabled to accept bills of exchange and checks from the sub-agents and to place the money realized in legal tender notes with the least possible delay at such points as might be convenient for the gov-

ernment. The general control of these operations confided to my hands gave me power through my sub-agents to command the resources of all parts of the country without any of that confusion and conflict likely to arise from want of unity of direction and co-operation in distant sections. On the other hand a multitude of separate and independent agencies would in all probability have engendered antagonisms injurious, if not fatal, to the negotiation, and the divided responsibility would have increased the chances of laxity and irregularity, and possible loss to the government.

It was no inconsiderable labor to organize the complicated machinery of this system. In order to popularize the loan, and to procure its distribution in proper sums among the people in all parts of the country an extensive system of advertising, and of active personal efforts by local and travelling agents was indispensable. For this purpose it was essential to make use of the best talent and integrity combined with financial strength to be found in the centres of business in every section and nothing but the strongest personal motives coupled with a sense of great responsibility could have secured at once the safety and efficiency of the system.

The mere work of delivering the bonds at the several points of distribution has been attended with no little labor and expense. In none of the great commercial nations of the world are the distances to be overcome in order to communicate with the different local centres of population and business so enormous as in our country. In England, France or Germany it is easy to reach the people of every locality and the distribution of loans in those countries even where the appeal is made to the broadest popular sympathy involves none of the difficulties arising from a sparse population and lines of communication commensurate with the boundaries of a continent.

Risks of all kinds are necessarily greater here and prices are modified accordingly. In the present case the five-twenty bonds in sums as low as fifty dollars have been carried to the very doors of the citizen to the remotest settlements of the far west, wherever the prosperity of the people, or their lively patriotism,

has prompted them to contribute to the necessities of the government. With few exceptions the cost of such transportation was paid to express companies out of the three-eighths of one per cent. allowed for commissions and expenses. It cannot be doubted that the unusual facilities thus afforded for the universal participation in this popular loan have greatly contributed to its rapid absorption, nor can any one say how slight a diminution of the facilities arising from any want of adequate means or motives for distribution would have materially altered this favorable result.

The sales by the popular agencies will amount in round numbers to three hundred and fifty millions of dollars at an expense to the government of three-eighths of one per cent. on the dollar. The sale by the sub-treasuries will amount to one hundred and fifty millions of dollars at an estimated average expense of one-twelfth of one per cent. This reduces the average cost of negotiating and distributing the whole loan of five hundred millions to twenty-three eightieths or a trifle over one-quarter of one per cent. on the dollar.

But it is observable that the greater portion of the sales through the sub-treasuries are properly attributed to the demand created by the popular agency system. The loan had been before the public several months before the adoption of the agency system during which time there had been scarcely a perceptible demand for it. Within a very few months after the agency system was inaugurated the sales commenced running at one million per day, and, so soon as the popular machinery for the sale and distribution of the bonds was fully perfected and in operation, the great demand grew up in all parts of the country, swelling the sales to two millions and upward per day. The sub-treasury sales participated in the increased demand thus developed, and the gratifying aggregate above presented has been the result. It has thus been shown that judged by itself, its accomplishment and its current effects its success has not been dearly bought. At its commencement one of the highest authorities in finance said: "We are strongly impressed that the scope of the Secretary's plan is inadequate to deal with such prodigious possible emergencies," as were then confidently anticipated. Yet it is accomplished—

nearly the entire amount has been raised and in all the period of its action no serious pressure has resulted upon the money market, no exhaustion of the resources relied upon, no faltering or unevenness in the flow of the thousand rills which fed the constantly swelling current of supply. This should satisfy the honest inquirer, for of all this he has the assurance of his own observation and experience.

Another test by which to judge of the economy of the system employed in placing the loan is an examination of government exigencies in the past, at home and abroad, and the manner in which they were met, which for want of nearer resemblances in financial history may be compared, the grand differences and partial correspondencies alike serving for illustration. England in her great struggle with the Republic of France, with Napoleon and the United States was driven upon the money market for sums then deemed immense. Of her borrowing during the period from 1793 to 1816 there remained unredeemed in the latter year \$3,309,000,000. The smaller portion of this sum sold before 1801 at a discount of $42\frac{3}{8}$ per cent., and the larger portion at $38\frac{1}{8}$, an average discount of over forty per cent. upon the whole amount of three per cent. stocks and their equivalent at other and higher rates issued in the period. Her loans running through a term of twenty-three years are found to cost the government, first a fictitious capital of debt of forty dollars on the hundred, and resultingly an increase of interest upon the cash received of two per cent. added to the normal or in this case nominal government rate of three per cent. Stated in brief the exigency cost the government as a borrower $62\frac{2}{3}$ per cent. of the stocks issued, and an increase of $66\frac{2}{3}$ per cent. on the rate of interest paid for it.

Again in our own financial history we have these facts which are to the purpose of this comparison. In the year 1799 and 1800 the United States made a loan of \$6,481,700 for eight years at eight per cent. per annum. The capital reduced to its equivalent at six per cent. gives a discount of $17\frac{1}{4}$ per cent. Of five loans made during the War of 1812 with Great Britain, from February 8, 1813, to March 3, 1815, at six and seven per cent. respectively,

the average discount suffered upon the principal of the aggregate amounted to 12.03 per cent., one of the loans in August, 1813, selling at $11\frac{3}{4}$ and another in 1814 at 19 8-10 per cent. discount. The twenty year loan of February, 1861, sold at $90\frac{1}{2}$ per cent. on the hundred, and ten millions of Treasury notes issued in December, 1860, and January, 1861, by Secretaries Thomas and Dix carried various rates of interest from six to twelve per cent. The total reduced to its equivalent in six per cents. puts the discount on the principal at a fraction above forty-five per cent.

England in the crisis of her struggle with France and the United States during the years 1812 and 1813 borrowed five hundred and thirty-four millions at the heavy rates of discount and interest already mentioned, raising on these terms an average amount of eighteen and one-half millions of dollars per month during these years, and these were all her loans and credits of the period except floating debt. Now in the period from the first of May, 1863, when the 5-20 loan stood at only sixty-four millions it has been sold at an average rate of forty-eight and four-ninths millions per month, rising as high as fifty-three and seven-tenths millions per month at the close, the whole loan being sold at par. It is but just to add to this the other loans of the Treasury during this period which amounting to sixty-four millions swell the drain upon the resources of the loyal states to an average of fifty-five and one-half millions per month, during the last nine months of the 5-20 loan.

The pressure of these five hundred millions upon our market in nine months against England's total of eight hundred and eighty-nine millions in four years exhibits a contrast incredible in the theories based upon all past experience. That something of all this is due to the policy and management of the loan independently of all other causes at work is made probable by the fact that it is the only loan, properly so-called, which has been negotiated at par with six per cent. interest. The six per cents. of the present Secretary sold in April, May and July, 1861, to capitalists and banks after the usual method of negotiation, amounting to sixty millions of dollars, sold at an average discount of 10.91 per cent. The 7-30 loan of 1861-2 was disposed of at par but reduced to six

per cent. suffered a discount of 3.44 per cent. This was however a popular loan with the machinery and agencies corresponding in some degree to those of the 5-20 loan. Embracing this cheapest of all the loans sold under the par of six per cent. stocks the Secretary since the commencement of the rebellion has disposed of two hundred millions at an average discount of 5.48 per cent., but this one of five hundred millions at par.

In conclusion allow me to congratulate you upon the final success of this loan, a loan which in the option reserved by the government as to the time of payment, and the consequent uncertainty of the period of the investment presented to the purchaser a strongly objectionable feature which at the outset materially detracted from its popularity, but which notwithstanding has since met with a degree of popular favor never before accorded to any similar loan in this or any other country; and in view of the foregoing statements, it may be added, that whether considered with reference to its magnitude, to the instrumentalities employed, to its universal diffusion among the people, to the steadiness and vigor it imparted to the prosecution of the war, to the encouragement it afforded our own people, to its significant moral effect upon other nations, or to the comparative net amount yielded to the Treasury upon the whole amount of bonds issued, this latest of your series of financial triumphs stands without a rival or a parallel in the history of the world.

Very respectfully your obedient servant,

JAY COOKE.

Before Mr. Coffroth could be replied to Mr. Cooke was to be attacked savagely in the United States Senate by Thomas A. Hendricks, Democratic Senator from Indiana, afterward a Vice-President of the United States. On Friday, March 11, 1864, Mr. Hendricks in speaking upon a financial question referred to Jay Cooke and Company as "this rich banking firm which has been made rich by the drippings from the Treasury." "Perhaps a million dollars," he continued, "has been made

by the firm of Jay Cooke and Company by being made the special and exclusive agent of the Treasury Department in disposing of the bonds of the government which might have been disposed of by the ordinary machinery of the Department.”¹ Mr. Hendricks’s remarks afforded John Sherman the opportunity for a conclusive rejoinder. The Senator from Ohio said:²

Mr. President:

I have a few words to say in reply to the remarkable and unjust attack made by the Senator from Indiana upon the Secretary of the Treasury. . . . The Senator attacks the Secretary of the Treasury, and makes a grave charge, which I am able to repel, and repel promptly. He says that the Secretary of the Treasury has enriched a private firm by favoritism, and he intimates and strongly insinuates that if this power is given the Secretary will further enrich that firm. This is a serious imputation, and I am very glad to be able to answer it. The firm of Jay Cooke and Company is an old, leading banking house in the city of Philadelphia, in no way connected with the present Secretary of the Treasury, directly or indirectly, either by blood or marriage. That firm was not employed as agents, but its leading member, Jay Cooke, was employed as agent to negotiate the five-twenty loan only after other expedients had been tried and failed. He was selected because of his great activity and success in promoting the negotiation of prior loans, and for his undoubted standing and credit.

The remarkable success that has attended his agency fully justifies his employment. When the herculean task of providing money for our vast expenditure rested upon the Secretary he found himself crippled by legal restrictions contained in the sub-treasury law, and compelled to deal only with the few who control money operations in New York and other Eastern cities. Most of these were patriotic men, and cheerfully aided the government to the extent of their abilities. The first loans were

¹ *Congressional Globe*, p. 1046.

² *Ibid.*

made through their agency, but with what result? The long bonds, due in 1881, principal and interest payable in gold, were negotiated at about ninety-two cents on the dollar, and compared with previous loans this was considered a financial success. These very bonds are now worth one hundred and fourteen cents for the dollar in the same market.

He also, through the same agencies and in the same markets, sold what are called the seven-thirty bonds at par. These bonds bear the rate of interest designated by their name, payable in gold, and are convertible into twenty year bonds, interest and principal payable in gold. Such was the condition of the money market when, in February, 1862, the five-twenty loan was authorized. This loan was far less desirable than either of those that preceded it. The rate of interest was limited to six per cent., and the principal was payable at any time after five years, at the pleasure of the government. This loan remained in the market for nearly a year without success, and during that time various efforts were made by the Secretary to negotiate it. He solicited offers in New York without success, or only at a considerable discount below par. Indeed, there was not sufficient volume of currency in New York to absorb the loan rapidly enough to supply the wants of the government. It became manifest that if taken it could only be by popularizing it, by seeking purchasers among the mass of the people in all parts of the country, and no longer to rely upon the capital accumulated in the money centres.

How was this to be done? The Treasury Department was not adapted to the management of such a business. There were no officers who could be charged with it. All the bureaus were crowded, and even if more clerks had been employed the red tape of bureaucracy would not allow the energy and despatch required for such an undertaking. Besides, the law regulating the receipts and disbursements of public money presented insuperable barriers to a direct negotiation of the loan between the Treasury and the people. By law nothing but money can be received at the Treasury. No bank bills, drafts, checks, certificates, or any of the varied forms of commercial paper could be received in the Treasury in payment of this loan, and without the agency of these it

would have been impossible for the people to have transmitted their money to the Treasury without incurring an expense and risk in the form of express charges, exchange, danger of loss, and the like, that would have defeated the loan.

When these difficulties became obvious, and only then, the Secretary resorted to private enterprise, and selected Jay Cooke,—a gentleman of established credit, of known energy—and contracted for the smallest compensation, it is believed, ever paid for negotiating a large loan by any government. To try the experiment, the amount to be negotiated was first limited to \$10,000,000, and afterwards extended as it proved successful. Under this arrangement was organized the vast machinery that resulted in enlisting every bank and banker, and almost every newspaper in the United States, in advocating the loan. The agent shared his commission with any responsible bank, banker or individual who would aid him and advertise the merits of the loan in all newspapers without regard to politics, until the five-twenty loan and its merits stared in the face of the people in every household from Maine to California.

Thus was established this agency; and what was the result? The people everywhere, in all parts of the country, came with their little earnings, some more, some less, and poured them into the Treasury, taking in return the pledge of the government to repay their loans. The money of the people in little streams and rivulets poured into the national Treasury, and thus sustained the national life. Sir, it was only through a private agency that, under existing laws, the Secretary could reach out and receive these loans of the people; and he would have been wanting in the first requisite of his office if, crippled by precedent or controlled by capital, he had failed to make the effort.

But the Senator says that an enormous commission was given to Jay Cooke and Company, and that it was done secretly; that the bankers in the West did not know that Jay Cooke and Company received this commission. The Senator is mistaken. The amount paid to Jay Cooke was published in the newspapers; was known as publicly and broadly as the five-twenty loan; and not only so, but every bank and banker, and every agent who was

employed in the negotiation of the loan, received two-thirds of the very commission that the Senator talks about. The entire expense to the United States of negotiating the loan was limited to three-eighths of one per cent., and every bank and banker employed received one-fourth of one per cent., so that there was left to Cooke only one-eighth of one per cent.

Out of the commission allowed the agent paid all the expenses of this loan. Let us see the nature of these expenses. He paid a large part of an extensive system of advertising, a part being paid by the local agents. He paid for the distribution of pamphlets and tracts, and the postage on them, spread broadcast over the country. He paid the express charges for transmitting the bonds from this city to the most remote parts of the country, and in sums so small that in many cases these charges alone far exceeded the entire commission. He paid the large expenditure caused by the management and distribution of this loan, involving frequent correspondence with twenty-five hundred agents, the postage and telegraphing alone amounting to large sums. He organized a corps of business men and clerks, for each of whom he was responsible, and who, from this fact, and from the opportunity and temptation of speculation, he had to select with great care and at large salaries. I have no data from which to state these expenditures, but I leave each Senator to conjecture the amount.

Aside from these expenses, all of which were paid out of the commission, remember the fearful risk this agent assumed. He not only staked his personal fortune, said to be large, but he was required by the Secretary to give, and did give, additional security in the form of a bond and collaterals to the amount of more than a million of dollars. By the necessities of the business he was compelled to receive as money all forms of commercial paper, drafts, checks, and certificates, drawn in remote states and villages, and to negotiate and collect these by his own personal responsibility. He could not pay these into the Treasury, but was required to pay money, "lawful money of the United States," and the subscription was only complete when this actual money was paid into the Treasury.

Bank bills would not answer, and we know from the public journals that United States money, or greenbacks, were everywhere held in preference to bank bills or drafts. And yet he had to make the conversion at his own risk, and if any loss occurred by counterfeit bills or broken banks, by forgery or fraud, he had to deduct it from their one-eighth of one per cent. commission. It was this difficulty of using bank or commercial paper, in dealing with the United States, that made the employment of intermediate private agencies in negotiating this loan not merely a choice of expedients, but an absolute necessity, and for this provision of law the Senator is far more responsible than I, as I believe he has always supported the sub-treasury law.

Again, sir, in the change of commercial paper into United States money there was often necessarily a loss of interest. This might not be noticed in the transaction of an individual, but when it is remembered that one week's interest is equivalent to the net commission received by the agent, it will be perceived that this necessary loss is important. All these facts, with many others that do not now occur to me (for this debate is sprung upon me), entered into the view of the Secretary when he made this arrangement, and I submit if it is just or fair to arraign him upon a charge involving his integrity when it is apparent that in the whole transaction he studiously guarded the public interests and secured a successful loan on the most favorable terms.

It must be remembered that the agent did not get commissions on all of the five-twenty loan. One hundred and forty-seven million five hundred and sixty-seven thousand four hundred dollars of it was subscribed directly with the Assistant Treasurers and depositaries, for which, though secured mainly through his exertions, he received no compensation at all. The subscriptions made through the general agent amounted in exact figures to \$361,827,950. The aggregate expense incurred in disposing of this sum is \$1,331,372.84, of which one-third was paid to the general agent for his compensation. The loan reached, in the aggregate, \$510,139,400, and the total expense was \$1,452,598.17, or a fraction less than three-tenths of one per cent., or eighteen days' interest on the loan. And for this cost to the government the

agent incurred fearful risks, and paid enormous sums for advertising, telegraphing, expressing, postage and clerk hire, and placed the money in the Treasury without the loss to the United States of a single dollar, the delay of a single day, or the interruption of any of the ordinary business of the Treasury Department.

MR. JOHNSON.—Did they pay all the expenses out of their percentage?

MR. SHERMAN.—They paid all the expenses out of their commission. It cost the United States not one dollar, not one cent, except the commission of three-eighths of one per cent., two-thirds of which was allowed to the local agents all over the United States. The Senator from Indiana says this was done secretly. I will venture the assertion that in the city in which he lives every bank and banker was employed, and knew all about the terms of the loan, and received two-thirds of the commission for their own services.

Mr. President. grave charges of this kind ought not to be made against public servants unless there is good ground for them. I say that Governor Chase never resorted to this admirable mode of negotiating a loan until all other means had been tried and failed. I will further say that no loan has ever been negotiated by any government in the world at a less expense than that at which this loan has been placed in the hands of the people.

MR. JOHNSON.—Was it all taken at par?

MR. SHERMAN.—It was all taken at par, every dollar of it. I have examined the loans made by the British and French governments, and I find that the ordinary allowance there in the form of expenses is from one-half of one per cent. to one per cent., and besides, various facilities are allowed. The saving in the mere matter of exchange to the Government is equal to one-half of one per cent. The saving of interest was very great. These bonds were never issued for some days and sometimes weeks after the Government actually received the money. They were dated as of the time when the money was paid into the sub-treasury. All the loss of exchange, all the loss in transmitting the money to the government, fell upon private individuals, or

upon these agents; and that alone, if the business had been carried on by the Government, would have amounted to fully one-half of one per cent.

I trust, therefore, that the Senator from Indiana will now, in the face of these statements, known to every person who has taken any part in negotiating this loan, withdraw the insinuation he has made against the Secretary of the Treasury. So far from favoring the General Agent to the detriment of this public service, it will be found that he has held him to a strict accountability, and I shall be very willing to have any inquiry made as to the negotiation of the loan, and whether he has realized, as the result of his labor and risks, more than a reasonable compensation. He was a wealthy banker in the city of Philadelphia; his fortune was made before this war commenced.

The Secretary employed him precisely as he would employ any other agent of the Government. He was induced to employ him because he was active, efficient, able, and expert in the negotiation of the seven-thirty loan, and he only employed him after every other expedient had failed; and the result of this employment was a most admirable and wonderful success. Sir, if two years ago, when we authorized the five-twenty loan, any man had then said to me that the whole of that loan would be taken at par, and that our bonds would now be above par, I should have believed it to be impossible; and yet such has been the result.

The Senator from Indiana says not one kind word of the Secretary of the Treasury for maintaining the credit of this Government through all this period of unparalleled expenditure. He has not for that officer one single word of commendation. He merely throws out an insinuation that the Secretary has enriched private individuals at the expense of the Government; that he has selected private citizens, and at the expense of the Government has heaped treasure upon them. This is totally gratuitous.

I ask him now in candor, what other course could have been pursued. Suppose Mr. Chase had advertised in the city of New York the five-twenty loan, how much of it would have been taken? New York only contains about one-seventh of the cir-

culating fluid of the country, or, if I may use that term, the blood of the country, the money of the country; the plan of negotiating only in the city of New York would have been like that formerly adopted in France, of only negotiating in the city of Paris. It was Louis Napoleon, and to him I give much more credit for ability than do many of my countrymen, who appealed from the Paris Bourse to the people of France. He resorted to precisely the same expedient that was resorted to here. He invited loans from all parts of France; he took one hundred francs from the poorest laborer in any portion of France, and gave him the Government's *rentes* for it. So the Secretary of the Treasury instead of going into the glutted market of New York, where business had been accumulated to a great extent by the war, left that field and gave the people of New York only the same advantage which was given to all other citizens.

The Secretary selected an agent who, from his purity of character, from the fact that he had held no office of the Government, from his active efficiency in negotiating former loans, from his undoubted character and standing in the city of Philadelphia, where he had lived for over twenty years, as a successful banker, would be likely to succeed in distributing the loan and inducing people to take it. The Secretary selected him, and upon a commission announced beforehand to be divided by him with all the different banks and agents throughout the country he negotiated the five-twenty loan. I say that if the Secretary had pursued any other plan, if he had gone to New York and advertised the loan in the ordinary form, the result would have been that the five-twenty bonds would have gone down precisely as the bonds of England did, to forty, fifty, or sixty cents on the dollar.

Mr. President, I do not know that I ought to pursue this argument further. I could not hear such charges and say less in vindication of the Secretary of the Treasury. In regard to this loan, as well as to all other operations of the Government with which I am familiar, he has conducted his important business with a single eye to the public credit and honor. Whenever any imputations are made on a public servant that I know are unjust, I cannot help but repel them; and I trust that the Senator from

Indiana, on the statement I have made, if he is satisfied with it, will at once say so.

MR. JOHNSON — Does the Senator know how many persons have subscribed to the five-twenty loan?

MR. SHERMAN — There were twenty-five hundred agents. The precise number of persons interested cannot be stated, for many of the subscriptions were by banks; but I have no doubt that three million persons are interested in the five-twenty loan. The stockholders of every bank which subscribed for it are interested, and I do not know but that my estimate is too small. I know that in the portion of Ohio where I live there is scarcely an independent farmer or mechanic who has not more or less of the five-twenty loan. It has been taken by servants, laborers, mechanics, persons in every condition and degree of life, poor and rich. This is one of the great benefits of the system adopted. If this loan had been sold in gross in the city of New York, as former loans were negotiated, it would have been held there in bulk, or transported to Europe and made the basis of large importations. As it is, it is held by our own people.

I doubt now whether of the \$1,500,000,000 of our indebtedness, \$200,000,000, or even \$150,000,000 of it is held abroad. That which does not bear interest is our common circulating medium, the basis of exchange. The five-twenty loan is nearly all held in this country, in small sums and well distributed. So little of our legal-tender circulation is held in the city of New York, that when it became necessary last November to sell some \$30,000,000 of what are called the five per cent. interest bearing notes, there was not United States money enough in the city of New York to pay for them, and the banks had to appeal for terms and time in order to pay the money into the Treasury. And, sir, if the whole five-twenty loan had been thrown upon the market of New York, either at one time or fast enough to carry on the operations of this Government, there would not have been money in the city of New York to enable the Government to receive the proceeds of the loan. The Senator from New York, I know, will bear me witness in this statement.

No favoritism was shown in this matter. The banks and

bankers of New York, of Cincinnati and St. Louis, the citizen of Iowa, the citizen of California, the citizen of New York, were all placed on the same footing. The plan adopted required the agent to deliver the bonds in the state of Iowa just as well as in the state of New York. If a person in the town of Des Moines subscribed \$1000, the agent was required to send his bond to him in Des Moines, although the express charges upon that bond would be more than the whole amount of commission received both by the local bankers and by Jay Cooke.

In addition to that, the local agent who was interested in the transaction took lawful money wherever the subscriber might be. Any citizen in any part of this country might pay to the local agent his money, however small the amount or remote the place, and in due time would return to him at the place, free of cost, a bond of the United States for the amount. The effect was to equalize exchange, to break down the old discriminations in exchange between the East and the West. This was vital to us in the western country. If any other arrangement had been adopted, a citizen of the state of Indiana would have been compelled to pay one per cent. exchange in order to have his money turned into one of these bonds.

I will call the attention of the Senator from Indiana to the practical working of the old system. If a citizen of Indianapolis, under the old system, desired to invest any money in a bond of the United States, he would have been compelled to first buy a bill of exchange, for which he would have paid from one to one-and-a-half per cent. premium. Then he would have to send that bill of exchange to a broker in New York, and that broker would have charged him from one-eighth to one-quarter of one per cent. for converting the bill of exchange into a Government bond.

Thus the citizen of Indiana, under the operations of the old plan, would have been compelled to pay nearly two per cent. to loan his money to the United States; but under the system adopted by the Secretary, at an expense that was trivial to the United States, every citizen might convert his money into a bond of the United States, delivered at his own door. There has been

nothing in the history of this war so remarkable in its successes as the distribution and negotiation of this loan; and when the Senator says the Secretary of the Treasury did all this to enrich a private firm, he certainly speaks in ignorance of the true condition of public affairs and of the mode and manner of negotiating the loan.

For the reply to the Coffroth resolution of the House the papers were well prepared and studied with the aid of Henry Cooke and George Harrington, the result being a definitive statement fully explanatory of the operations. The Secretary warmly complimented Mr. Cooke for, and supported him in all his exertions in behalf of the government, and flatly asserted that without his services "neither the army nor the navy nor the general creditors of the government could have been paid." It was a work that could not have been "as successfully performed nor indeed performed at all by the Treasury Department." The letter was as follows:

TREASURY DEPARTMENT,

April 1, 1864.

Hon. Schuyler Colfax, Speaker of the House of Representatives:

Sir:—I have had the honor of receiving from the House of Representatives a copy of the following resolution:

"*Resolved*, That the Secretary of the Treasury be requested to report to the House what have been the services of Jay Cooke & Co. to the Government in the sale of United States securities, and what have been the rate and whole amount of compensation therefor; also, whether said services might not have been as successfully performed by the Treasury Department itself; also, what sums of money, if any, have been paid out of the Treasury for advertisements ordered by Jay Cooke & Co."

Before proceeding to answer these inquiries, it is proper to say that Jay Cooke & Co. have never been employed to render any services to the Government, but as Mr. Jay Cooke, of that firm,

has been employed as agent for the sale of United States bonds and Treasury notes, the resolution will be answered as if it had been prepared in reference to him individually.

The whole of the five hundred millions five-twenty loan being now taken, and the accounts connected with it closed, I respectfully submit the following statement in response to the resolution, without awaiting the completion of the delivery of the bonds subscribed for in excess, which will involve no additional payment on account of compensation or expenses.

The first inquiry requires a statement of the services of Jay Cooke in the sale of United States securities, and of the rate and amount of his compensation therefor.

Mr. Cooke's first services were as agent for the sale of three years' Treasury notes, popularly known as seven-thirties.

When negotiating the first loan with the Associated Banks of New York, Boston, and Philadelphia in July, 1861, of fifty millions of dollars for three years' seven-thirty Treasury notes, the Secretary stipulated to open subscriptions throughout the country to effect the sale and distribution of these notes by agents acting under the direct supervision of the Department, the proceeds of such sale and distribution to be paid over to the banks in reimbursement in whole or in part of their loan, in order to secure the prompt taking of a second loan of equal amount. In fulfilment of this stipulation, the Secretary, in addition to the regular officers of the Department, appointed one hundred and forty-eight agents, of whom Mr. Jay Cooke was one, to receive subscriptions for the sale of the seven-thirties, supplied them with printed blank books of subscription, blank certificates of deposit, blank forms for correspondence with the Department, and envelopes with printed addresses thereon. In addition to these expenses and the expenses of the necessarily increased force of clerks employed, he paid these agents one-fifth of one per cent. on the first one hundred thousand dollars obtained by them respectively, and one-eighth on all sums in excess, and allowed for advertising a stipulated sum, varying according to locality, but in no case exceeding one hundred and fifty dollars.

The several agents thus employed returned subscriptions in

the aggregate amounting to \$24,678,866.84, of which Mr. Jay Cooke obtained \$5,224,050, or more than one-fifth of the whole, for which he was paid the fixed percentage, amounting to \$6,680.06, and, for advertising \$150, making his total allowances for the sale of seven-thirties \$6,830.06.

Mr. Cooke, at the close of his labors in obtaining subscriptions to the seven-thirties, and on making his final payments into the Treasury, submitted an account, substantiated by vouchers, showing disbursements by him for advertising amounting to \$3,041.44, not including sums paid for which he had no specific vouchers. He was allowed only \$150, or less than one-twentieth of his expenditure.

The services of Mr. Cooke, in connection with the seven-thirty loan, were valuable and important, but of little magnitude compared with those rendered in the negotiation of the loan of five hundred millions of dollars for bonds commonly known as the "five-twenties." When this loan was authorized by Congress, many experienced and able financial men expressed their belief that it would be impossible to negotiate bonds redeemable after so short a period as five years, and bearing an interest of only six per cent., and for a time appearances were decidedly against the success of the loan.

Under the law, every holder of United States notes had the right to convert them at his pleasure into the five-twenty bonds at par. A privilege which can be used at any time is often not used at all, and it soon became clear that voluntary conversions would supply only a small proportion of the large sums required for the disbursements of the war. To excite and promote a better disposition, the assistant treasurers, designated depositaries, and special agents were authorized to receive deposits of notes, and issue certificates entitling the depositors to bonds bearing interest from the date of deposit. Still, conversions lagged, and were altogether inadequate to the demands upon the Treasury.

It was indispensable that these demands should be answered with the least possible delay, and the Secretary endeavored to ascertain the best terms on which the bonds could be ne-

gotiated by sales. Careful inquiry was made through the assistant treasurer at New York, and other experienced persons, and it was ascertained that negotiation could not be effected at higher rates than from 97 to 98 cents for a dollar, which would involve a loss on each hundred millions of the loan of from two to three millions of dollars.

Unwilling to submit to this loss, the Secretary, in October, 1862, determined to appoint a general agent, with authority to appoint sub-agents throughout the whole country, for whom he should be personally responsible, and in this way to organize a direct appeal to the whole people. He accordingly selected as general agent Mr. Jay Cooke, who was recommended for preference by his responsibility, by his integrity, and by his energetic and successful services in the negotiation of the first national loan, and committed the whole work to him. It was agreed that his commissions, for services and to cover disbursements, should be one-half of one per cent. on the first ten millions, and three-eighths on subscriptions beyond that amount. Of these eighths, Mr. Cooke was bound to pay one-eighth to subscription sub-agents, another eighth to travelling agents and for advertising, and other expenses of making the loan as widely and favorably known as possible. He was allowed to retain the other eighth as compensation for his own labor and risk, and for expenses chargeable to his own proportion.

His responsibility covered all acts of his sub-agents until payment into the Treasury of all moneys subscribed, and delivery to subscribers of all bonds subscribed for. No liability and no duty, except that of furnishing the bonds, was assumed by the Government, while to insure the faithful performance of the duty of the general agent, and the full satisfaction of all demands upon himself and his sub-agents, bonds were required and given in the aggregate sum of six hundred thousand dollars.

Notwithstanding the magnitude of the task imposed upon him, the general agent had no monopoly in the disposal of the loan. The Treasurer, the assistant treasurers, and several of the designated depositaries were also directed to use their best endeavors to obtain subscriptions, and were authorized to allow

one-eighth, and, in some cases, one-fourth of one per cent. to purchasers for resale.

Having undertaken the work, Mr. Cooke proceeded to organize a general system of agencies. For a time the result seemed doubtful. When, however, at the next session of Congress, the absolute right of conversion was limited to the 1st of July, 1863, and the system of sub-agencies had been thoroughly organized and extended throughout the country, subscriptions gradually increased, until, at length, the unwearied labors of the general agent and his sub-agents were crowned with complete success. Not only was the whole loan taken but subscriptions were made on the day it was finally closed for nearly eleven millions of dollars in excess of the amount authorized; for which excess the general agent was allowed no compensation.

It is impossible to exhibit in detail the services thus rendered, or to estimate their value in money. It may be sufficient to state that the number of sub-agents employed by the general agent, and for whom he was responsible, was about twenty-five hundred; that the work of the agency extended into almost every county and town of the loyal States, and among all classes of the population; that its fruits were subscriptions for five-twenty bonds amounting, in the aggregate, to the sum of \$361,952,950; and that without these subscriptions neither the army nor the navy, nor the general creditors of the Government could have been paid.

The benefit of the work was not limited by its direct results. The interest in the loan, excited by the efforts of the agent and sub-agents operated powerfully upon subscriptions with the assistant treasurers and the designated depositories. These subscriptions amounted in the aggregate to \$148,823,500, of which \$92,178,300 were subscribed by purchasers for resale and \$56,645,200 for direct investment.

The whole compensation to the general agent and sub-agents for services and for all expenses incurred in obtaining and paying over subscriptions, amounting, as already stated, to \$361,952,950, was \$1,350,013.15, of which \$435,700.31 was paid to the general agent as compensation for responsibility, for services, and for expenses chargeable upon the one-eighth allowed to him.

To the cost of the agencies, in order to ascertain the total expenses of the loan, must be added the commissions allowed to purchasers for resale, by the assistant treasurers and other officers of the Government; these commissions amounted to \$122,190.39, making the entire cost of the whole loan \$1,472,203.54. This cost is a little less than three-tenths of one per cent. (or eighteen days' interest) on the whole amount, and, as is believed, is less than the cost of any other great loan, either American or English, heretofore negotiated.

The Secretary has already stated that the best terms he was encouraged to hope for in case of resorting to the negotiation of fifty millions with capitalists, in the ordinary way, were from ninety-seven to ninety-eight cents for a dollar, and there was every reason to believe that for the additional sums required to complete the loan he would be obliged to submit to much more disadvantageous rates. Had he negotiated fifty millions at ninety-seven and a half per cent. the cost of one-tenth of the loan would have been \$1,250,000, a sum nearly equal to the whole cost of the whole actual loan of \$510,776,450 upon the plan actually adopted. Had he attempted and succeeded beyond reasonable hope in negotiating the whole at the same rate, the cost would have been \$12,500,000.

The foregoing statement, it is hoped, sufficiently answers the inquiries, what have been the services of the general agent to the Government in the sale of United States securities, and what was the rate and amount of compensation therefor.

- The other inquiries of the resolution may be briefly answered.

No sums of money have been paid out of the Treasury for advertising ordered by Jay Cooke & Co., and none for advertising ordered by the general agent, except as above stated.

It only remains to add that the Secretary is clearly of opinion that the services rendered by the general agent and the sub-agents could not have been as successfully performed, nor, indeed, performed at all, by the Treasury Department.

I am, very respectfully, your obedient servant,

S. P. CHASE,
Secretary of the Treasury.

The last scene in this drama was the following letter from Jay Cooke to Secretary Chase:

I have the honor to state that, after deducting from my commission for negotiating \$361,952,950 of the five-twenty loan, the amount expended by me in promoting the success of the loan over and above the amount allowed me for that purpose, and deducting also \$48,000 bonds lost in transit and otherwise unaccounted for (a portion of which I hope to recover) I find my actual net commission reduced to \$220,054.49 which is somewhat less than one-sixteenth of one per cent. on the whole amount of subscriptions obtained by me.

CHAPTER VII

THE NATIONAL BANKS

A study of the early life of Jay Cooke has already afforded an insight into the crudity and dangers of the banking system which prevailed in the United States prior to the Civil War. With frequent suspensions of specie payments and unregulated note issues, the value of the currency depending upon the continued solvency of the organizations whose names stood upon its face, and the assurance that it was not the work of deft counterfeiterers, there was general uncertainty and widespread distrust, fatal to proper business relationships. Some 1,600 banks acting under various state charters were in operation in the United States at the outbreak of the war. They had a capital of about \$430,000,000 and their circulation in bills and notes was approximately \$210,000,000. Upwards of \$110,000,000 of the capital and \$50,000,000 of the circulation adhered to banks in the seceded Southern states,¹ which of course left the North a large but very inadequate sum for the private and public purposes of the war in the hands of these unsuitable agents. Jay Cooke writes in his *Memoirs of the state banks*:

“There were throughout the country, north, south, east and west, banks working under charters derived from the several states, with almost as many systems as

¹ Schuckers, p. 282.

the number of states. Circulating notes issued by these banks were in some states partially secured by safety fund systems, but in the great majority of instances their value depended entirely upon the prosperity, good management and honesty of the bank issuing them. In most cases a bank could issue circulation far beyond the amount of its capital stock. I have known instances in which banks have issued eighteen or twenty times the amount of their capital, and so far as the public was concerned with no other security than the good faith of the institution.

“Confusion worse confounded was the order of the day. Exchanges upon Philadelphia, New York and Boston, when procurable, rated all the way from one to ten and fifteen per cent. premium according to the locality. Notes were printed upon every variety of paper and no two banks issued bills of similar appearance. It was generally the case that bank notes current in one state could not be circulated in the other states, and it was impossible for any one but those skilled in handling money in vast quantities to detect the innumerable counterfeits and altered notes which were in circulation. The banks were breaking constantly and in many instances circulating notes became almost worthless. Fifty millions of dollars per annum, it is safe to say, would not cover the loss to the people of this country growing out of broken banks, counterfeits, altered notes and cost of exchange between different points. A hundred excuses were available and the most trusted merchants of the west and south did not think it necessary to be prompt in the payment of their eastern obligations, often pleading the scarcity and high prices of exchange

and expressing their belief that in a short time prices would be more reasonable."

Secretary Chase was not long in making the discovery that these state banks were not equal to the tasks to be imposed upon them in a great national emergency, and when they suspended specie payments and failed to fulfil their engagements with the Treasury Department in reference to the third loan of \$50,000,000 in 1861 he had practically abandoned hope of receiving further aid from this source. Not being under national, or indeed any central direction, they were so many separate fiscal units, useless to the government after their first outburst of patriotic enthusiasm. If the War Department had been compelled to treat with the states for troops and supplies as in the Revolution, receiving their quotas of soldiers, wheat, fodder, cattle, horses and woolen cloth, the result can be imagined. Not much less essential to the successful conduct of the war was the exercise of some general direction of banking institutions and their notes, if the Treasury Department, and through it the government at large, were not to be condemned to ruin. Mr. Chase took this subject in hand in his first report to Congress in December, 1861, and urgently advocated the organization of a chain of national banking associations which could issue money authenticated by the nation, and secured by United States bonds deposited as a guaranty of the redemption of their notes, and which might otherwise serve the government in a variety of useful ways. However unecconomical and imperfect this system may seem to some higher monetary authorities at this day it was admittedly an important advance over the existing state bank

system and one that has resulted in large advantages to the American people.

As might have been expected Secretary Chase's radical suggestion was met by many loud expressions of dissent and hostility. Although he drafted and submitted a bill, embodying his ideas on this subject, it seems to have had but one sincere friend in the Committee on Ways and Means, Mr. Hooper of Massachusetts, and but few more in Congress upon a canvass of the House and the Senate. Mr. Cooke's friend, George R. Messersmith of the Chambersburg Bank, asked him while in Washington to see Mr. Chase and persuade the Secretary not to "swallow up the banks." This was the appeal of but one relatively mild and uninfluential representative of the system it was hoped to overthrow. That it was to be a "swallowing up" process the state bankers were fully convinced.

The session of 1861-2 passed without any action in this sense by Congress which preferred the legal tender experiment, and the Secretary was left to repeat his recommendations with more fullness and emphasis in his report of December, 1862. Henry Cooke who so faithfully echoed Mr. Chase's views wrote to Jay Cooke on November 26, 1862, anticipating that report:

You are already well aware of the Secretary's views in reference both to currency and to loans. Those views have undergone no change. Indeed I am confident that he is better satisfied of their correctness now than he was a year ago, and that he will again urge them upon Congress in his report. They may be briefly stated thus: As to loans he prefers to raise money by the issue of bonds (say 5-20s) rather than by the issue of circulating notes. He issued the notes now in circulation (both "old demands" and "legal tenders") as it were "under pro-

test," or as an alternative to the other plan recommended by him — that is the establishment of a uniform currency throughout the United States, issued by corporate banks, based upon a certain percentage of specie and the pledge of Federal stocks. His bank bill, a copy of which you have, embodies his general idea. This bank circulation is to be receivable for all public dues except the duties on imports and exchangeable for bonds of the United States. He would prefer such a system of bank currency to the direct issue of circulating notes by the government, but in the absence of such an issue he has been compelled to resort to the latter. As to currency the views of the Secretary are pretty well covered by the foregoing. Of course he will propose no violent measures to drive out the existing bank circulation, but will effect that object gradually by a tax of one or two per cent. thereon, and by the inducements offered the banks to make the change. By the system proposed two important objects will be attained: 1st, Uniformity in the currency throughout the country and, 2nd, a large and permanent market for government securities. A third result will incidentally follow — the taxation will gradually (but not in a ratio to produce a sudden collapse or crash) reduce the present excessive circulation of weak banks and replace it to the extent demanded by the real wants of the country by a safer, sounder currency which can be used by the government, and in transactions with the government, as well as by the people. I am satisfied (though I have no special authority for saying so) that I have given a correct general outline of the Secretary's views, as inferred from different conversations with him, from a knowledge of his antecedents, and of his anxiety that his bank scheme should receive the sanction of Congress. But whether the policy indicated will be the one pursued is another question which rests with Congress to determine. It may be that Congress will differ from the Secretary, and prefer a further issue of legal tenders, or some other government note. In that event he will have to do as he *can* and not as he *would*.

Mr. Chase, as Henry Cooke predicted, unreservedly urged the national banking system upon Congress in

December, 1862, but without assurance that his advice would be more respectfully received than it had been in 1861. Of the situation at this time in reference to this subject Jay Cooke writes in his Memoirs:

“Mr. Chase frequently mentioned the matter and his anxiety on the subject at times when I met him in Washington, but I was indisposed to aid him because I felt that the banks with which I was in close connection were doing much to facilitate my government loan operations, and that under the present conditions it would be hazardous to make war upon the state banking system. I realized of course that a change would be a vast benefit to the country, and that as soon as possible such a change from a state bank to a uniform national banking system should take place.

“I was peculiarly well posted as to the evils of the old system, and convinced that the new would correct 99 per cent. of these evils and create and make a market for a large amount of our government bonds; but still I hesitated to commit myself at that time and under all the circumstances to such a radical change. Mr. Chase again urged me to join him in the effort to establish the new system and, seeing that he was so earnest in the matter, I obtained from him a copy of his bill, and my brother Henry and I sat up until midnight reading it over and discussing it. It was a very voluminous bill and required a good deal of pruning. Next morning we went to Mr. Chase and told him that we had decided to take up the matter and endeavor to pass the measure. Having once committed ourselves, and having a vast number of agents through the country, our government loan agency expending vast sums with the

newspapers for advertisements, we felt that we had a right to claim their columns in which to set forth the merits of the new national banking system. I suggested the substance of editorials some of which I wrote, but they were mostly written by my brother who was an old editor. These were changed and freshened with new arguments almost daily, and for six weeks or more nearly all the newspapers in the country were filled with our editorials condemning the state bank system, and explaining the great benefits to be derived from the national banking system now proposed. We appealed to senators and members of Congress for unanimous consent to a change which would accomplish so much for the country at large. We elaborated the numerous and weighty reasons which could honestly be given, and daily laid upon the desks of the members copies of the papers published in their districts, and placed in Washington papers whole pages of extracts. The result of these efforts, together with personal appeals to the senators and representatives, resulted in a few weeks in the passage of the bill."

Henry D. Cooke took much credit to himself for the part he had played in the enactment of this measure and he was a factor of undeniable importance in converting Senator Sherman to the Secretary's views. On January 23, 1863, Henry Cooke wrote "in the strictest confidence" to Jay Cooke: "Governor C—— expressed the greatest anxiety that Sherman should take hold of his bank bill and asked me to use my influence with him to do so. I had an interview with S. last evening and again to-day. Sherman has not positively promised to champion the bill, but from his talk to-day I think he

will do it. I am sure he will do so if Governor C. will consent to two slight modifications, viz.: restricting the charter (which at present is perpetual) to twenty years and, to prevent inflation, limiting the amount of circulation to be issued and apportioning it among the states. I will get a definite answer from Sherman to-morrow and meanwhile am to see the Governor about S.'s proposed modifications."

On February 12th when the result was assured Henry Cooke wrote: "It will be a great triumph, Jay, and one to which we have contributed more than any other living men. The bank bill had been repudiated by the House and was without a sponsor in the Senate, and was thus virtually dead and buried when I induced Sherman to take hold of it, and we went to work with the newspapers. I am very sure that the Governor appreciates our efforts and knows (though he can never know fully) the value and efficiency of our services."

Undoubtedly the passage of the law, with the establishment of the first banks under it to demonstrate its practicability, was largely due to the Cookes who labored in its behalf with untiring devotion, Henry as the lobbyist and editor, and Jay as the famous and powerful financier, willing and ready to stake his reputation upon the advantages of the new system. How public feeling on the bank question was revolutionized through the use of the agencies which Jay Cooke had organized to promote the sale of the 5-20 loan is indicated by a letter from a Washington correspondent of the *Philadelphia Press*, dated February 13, 1863: "At first the banking project was pronounced a scheme of Mr. Chase that would be ridiculed out of Congress. It

was compared to the Utopian money plans of other days—stigmatized as worse than a national bank; as the precursor of widespread expansions and consequent bankruptcy; as intended to destroy the state banks, etc. In a comparatively short space of time these objections have been refuted to the satisfaction of a large majority of the people, and many who were first and most earnest in resisting the measure are now giving it their warm support.”

The advantages of the new system were stated in the *Philadelphia Inquirer*, Mr. Cooke’s “organ,” as follows:

First. A currency equally well known, popular and uniform from Oregon to Maine.

Second. A fiscal agency of the government in every city and town of this vast country—an agency at once safe, economical and under our present circumstances absolutely indispensable.

Third. A medium by which the government can dispose of its permanent loans as follows: By the sale of millions to the banks themselves as a basis of their circulation, and afterwards by means of these banks as agents to supply the people who are only awaiting such an opportunity to come and pour in their means to aid in supporting their government.

Fourth. The Secretary sees in this plan the only practicable mode of returning to a specie basis. Without this measure we may remain under a state of suspension as long as did the Bank of England at one period. With this measure there is no obstacle whatever to a return to specie payments so soon as military successes shall show conclusively that the end of the rebellion is at hand.

Fifth. The practical curtailment and withdrawal of present bank circulation and the establishment of the business of the country upon a sound and unfluctuating basis.

This statement of the benefits likely to arise from the law was widely copied, and the same arguments were

worked over and used in articles published in all parts of the North.

Much care was taken to show how the system differed from the unpopular Bank of the United States.

"It is complained against Secretary Chase's banking project," said the *Philadelphia Ledger*, "that it gives to the administration great and dangerous power; that it will build up something more obnoxious than was the United States Bank; that the control of the purse and the sword in the same hands will be dangerous to liberty, etc., etc. This is all clap-trap for there exists no sort of comparison of the proposed plan of banking on pledge of government securities with the uncontrolled action and unlimited issues and discounts of the old United States Bank."

"The currency of the country," said the *Philadelphia Press*, "is not a commodity that merely affects the citizens of one state and not those of another. It is not a local matter for Illinois and Maine and Maryland—to be created, sustained and circulated as Illinois, Maine and Maryland may see proper. It is a national privilege, or rather a national convenience. The dollar of America should be as valuable in New York as in Wisconsin, and no issue of dollars by citizens of either state should be permitted to depreciate it. The great enemy of our currency, as we see it now, is its sectional character."

And after the bill passed ¹ the Senate the *Press* said: "We accept this measure of the Senate as the beginning of a new reform in our currency. It is a step in the path of progress. The right of state banking and state

¹ February 13, 1863.

currency perishes with other pernicious states' rights that this war is terminating. Hereafter the American dollar will be the same wherever the authority of America is respected. We shall no longer be at the mercy of irresponsible and weak corporations whose promises to pay fall fifty per cent. in a day's ride."

"Remove by taxation from circulation the two hundred millions of issues of 1,600 debt factories and thereby make room for more legal tender notes," counselled the *Chicago Tribune*.¹ "The bank issues are not wanted. No public interest is served by their presence. They are the spawn of special privilege and have in violation of the plain letter of the Constitution usurped one of the attributes of national sovereignty; viz, to coin money and emit bills of credit. After reading Mr. Sherman's arguments it is hard to conceive how any man can remain unconvinced of the propriety and necessity of causing the circulation of sixteen hundred shinplaster shops to be retired by taxation."

At least one New York paper, the *Tribune*, was, if with some reserve, advocating the national banking system: "We urge that some plan must be early adopted, that this is on the whole the wisest, most thoroughly matured and generally approved; and that it is better to enact this at once than to spend the rapidly passing hours of this session in the prolonged discussion of comparatively unimportant details. Time is of the first consequence. We are approaching the crisis of this war, and the nearer it comes the more plainly it is seen to be neither political nor military, but financial. Our preparations to meet it will not admit of delay."

¹ January 14, 1863.

Thus were the newspapers daily inspired to create a sentiment in favor of the national banking system and the bill passed the Senate, John Sherman firmly leading the battle, by the very close vote of 23 to 21 and the House by 78 to 64, being approved by President Lincoln on February 25, 1863. In sixty-five sections it was sought to create the new banking associations—while at the same time safeguarding the public interests, and the stipulations were so numerous and new that much explanation was required immediately. An important benefit at once to be derived from the act, and it was one which strongly commended itself to Mr. Cooke, was the increased demand which would be created for the 5-20 bonds, and the credit they would gain by being used as security for bank currency. The new associations must buy and deliver to the United States Treasurer 5-20 or other interest-bearing government stocks of a value equal to one-third of their paid-in capital. Upon making this deposit they might issue notes, equal to ninety per cent. of the current value of the bonds, but never exceeding the par value, which was to be payable in discharge of all public dues except duties on imports. The entire amount of circulating notes of this kind to be added to the country's currency must never exceed \$300,000,000. The privileges of the act were to continue for twenty years. The banks were subjected to the oversight and superintendency of a national bureau and the Secretary of the Treasury might make them depositories of public moneys, a prospect not without its allurements to the officers and stockholders of the new establishments.

It was clear that the banks would become absorbers of bonds in proportion to their number and strength and

Jay Cooke gave his attention at once to the work of organizing these associations, and of defending them against their enemies. Antagonism to the system did not cease with the passage of the bill. The state bank interests were determined to prevent an execution of its provisions, and used all efforts, many of them meanly dishonest, to defeat the ends of the law. Various pamphlets were issued in New York and Boston attacking the new national banking system and a few newspapers were found to take up the cause of the state banks. "I think I can foresee that it may prove a calamity greater even than the Civil War under which we are now suffering," wrote a Boston objector. "Armed rebellion can be put down by physical force; but how shall we effectually guard against the insidiously corrupting influence of the money power?" After pointing to various defects in the law as he believed them to be he declared it "the most slovenly legislative act which, as far as my memory serves me, I was ever obliged to read and endeavor to understand." "It was," he continued, "such an act as an intelligent Congress ought never to have passed."¹

On October 6, 1863, a meeting of state bank officers was held in New York City and a committee was appointed to make a report upon the act. This committee, consisting of John E. Williams and John L. Everitt, scathingly denounced the law in a statement dated November 28, 1863. Their criticisms were numerous. They concluded that the notes issued by the new banks, although receivable by the United States for all dues except import duties, being in turn payable by the Uni-

¹ *Some Strictures on an Act to Provide a National Currency Secured by a Pledge of United States Stocks, etc.* Boston, 1863.

ted States for every purpose except interest on the public debt, were not "a legal tender between man and man, nor has any association or banking institution a legal right to pay them out in discharge of its debts to an individual or corporation." Mr. Cooke reading the report made annotations upon the margin of the pages of his copy. "Folly!" said he, in response to this sweeping declaration.

The committee furthermore stated that the banks already organized had a capital usually not above \$50,000 or \$60,000. It knew of few "designed to do a legitimate banking business." They were to be "banks of circulation only, not regular business banks for deposits and discounts, but what are known in our western states by the expressive term 'wild cat banks.' It will be borne in mind that the bills of these banks are not redeemable at an agency like the country banks of New York State, but only 'at the office of the association.'" "As if redeeming by government was not better than redeeming in New York!" ejaculated Jay Cooke upon reading this animadversion upon the system.

The committee continued: "Suppose the man in business has taken these bills and has a note to pay at bank; the bank cannot receive his 'national currency' because it has no legal right to pay it out to either depositor or bill holder. What then can he do? He has but one source of relief; he must take the bills to the uncurrent money broker—perhaps the very man who issued them—and submit to a discount of from one to five per cent., according to the distance of the place where the bank is supposed to have a local habitation and a number. The man who thought he had a currency of uniform value all

over the United States finds when he leaves the broker's office that he has one or two hundred dollars less than when he entered there."

Jay Cooke wrote in anger under this: "This is an outrageous perversion of the truth. All lose sight of the fact that the notes are legal tender in all government transactions."

The law, said the committee again, permitted the establishment of "a new pet bank system." In a panic national bank bills would be sent to Washington for redemption from all sides. United States bonds, forced upon the market, must be sold for what they would bring. If \$50,000,000 were offered the price would fall to fifty cents on the dollar. Thus would the credit of the government be "prostrate, broken down in the vain effort to sustain this gigantic scheme of a national bank currency."

"If the skies should fall," remarked Jay Cooke in reply to this charge. "False! False!" "Not so!" he wrote at various places on the margin of the report of this remarkably hostile, and as all to-day can perceive ill-informed and unprophetic committee.¹

Mr. Cooke responded to such pamphleteering through his newspapers, but his most effective answer was the establishment of the new banks, especially in the western states.

Scarcely had the bill become a law when he had two associations ready to organize under it. The earliest to be incorporated was the First National Bank of Philadelphia, of which O. Wilson Davis was the presi-

¹ *Report on the National Bank Currency Act. Its Defects and Effects.* New York, 1863. Compare Knox's *History of Banking in the United States*, p. 100.

OFFICE OF JAY COOKE,
GENERAL SUBSCRIPTION AGENT
FOR
5-20 LOAN,
No. 114 South Third St., Phila.

NATIONAL BANKING ASSOCIATIONS:

COMMUNITIES & CAPITALISTS

Now contemplating the formation of NATIONAL BANKING ASSOCIATIONS, under SECRETARY CHASE'S BILL, passed at the last session of Congress, are reminded that the 5-20 LOAN, now for a limited period to be obtained AT PAR, MAY AFTER THE FIRST OF AUGUST BE WITHDRAWN from the market.

The improved condition of Military affairs and the constant succession of Victories, together with the completion of the preparations for the issue of the Four Hundred Millions of Legal Tender interest-bearing notes, or Treasury Notes, renders the issuing of further long or permanent loans at present, exceedingly doubtful.

The Loans of the Government, maturing in 1881, are now selling at six per cent. premium. These would advance to 10 or 15 per cent. premium, if the Secretary of the Treasury should discontinue the sales of the 5-20's; and the 5-20's themselves would soon command a handsome premium, should the demand for Government Loans, as the basis for banking or for investment, be at all active. It is possible that the Secretary of the Treasury may receive subscriptions to the 5-20 Loan for a longer period,—should there be any delay in the preparation of the notes for the supplying of the Treasury with funds, or should he, in view of the manifest benefits to the country from the present popular mode of distributing the Loans of the Nation amongst the people—or to encourage the formation of the New Banks—decide it to be wise and judicious to further extend the time of Subscriptions to the 5-20's at par. His views and intentions on the subject, of course are unknown, therefore, the safest and wisest course is to subscribe at once, whilst a Six per cent. Bond, with the interest and principal payable in GOLD, can be had at par.

It will afford me pleasure to furnish full information in regard to the formation of the National Banks, and the necessary steps to be taken. Printed documents relative thereto will be furnished, at Washington, on application to Hon. HUGH McCULLOUGH, Comptroller of the currency or by the undersigned.

JAY COOKE,

Subscription Agent for 5-20 Loan.
114 South Third Street, Philadelphia.

JAY COOKE'S ADVERTISEMENT, OFFERING BONDS TO THE NEW
NATIONAL BANKS



dent. The Department granted it a charter on June 20th through the Comptroller of the Currency, the new office created by the act and lately bestowed upon Hugh McCulloch, a state banker of Indiana, after having been offered to Joseph Patterson of Philadelphia and other eastern men. The institution was very shortly reorganized by E. W. Clark and Company and Jay Cooke and Company under the direction of Jay Cooke with a capital of \$500,000, nine-tenths of which was taken by the partners in those two firms. Mr. Cooke had desired his friend Henry D. Moore to be president of the bank, but he was about to serve the state of Pennsylvania another term as Treasurer. Clarence H. Clark therefore became president, while Morton McMichael, Jr., was elected cashier.

On March 25, 1863, the "articles of association" of the First National Bank of Washington were filed at the Treasury Department, but they must be withdrawn because of some irregularity in the procedure, and it was not until July 16th that it could receive its charter, when twenty-four other banks had been established under the law—nine in Ohio, three in Indiana, three in small towns in Pennsylvania, two in Iowa, two in Connecticut (New Haven and Stamford), one in New York (Syracuse), one in Massachusetts (Springfield), one in Illinois (Chicago), one in New Hampshire and one in Michigan. Of the First National Bank of Washington, Henry D. Cooke was elected president and William S. Huntington, a clerk in Jay Cooke and Company's Washington house, cashier. Jay Cooke was a member of the board of directors of the First National of Philadelphia, a large owner of its stock and a power in its management,

while the First National of Washington was to all practical purposes his personal bank. He had by this time enlarged the quarters of his banking house at the national capital at 452 Fifteenth Street. Jay Cooke and Company occupied the first floor, while the national bank was assigned the second story, which was reached by a broad stairway, "by all odds the handsomest room in town in or out of the Treasury."¹ It was "creditable as a structure to the liberality of its proprietors and called for by the expanding business and eminent position of the most prominent banking firm in the country."² Huntington reported to Jay Cooke as fully as Henry Cooke or H. C. Fahnestock, being directed in every important movement and admonished or praised, as the case required, quite as a personal employee. The board of directors of the First National of Washington for the first year was composed of Henry D. Cooke, H. C. Fahnestock, W. S. Huntington, Benjamin B. French and John A. Wills, all residents of the District of Columbia, as the law required. These with Jay Cooke and William G. Moorhead were the stockholders of the bank—there were at first no others. Mr. Wills had 100 shares (\$10,000), Major French 25 shares (\$2,500), William S. Huntington 25 shares (\$2,500), while the rest of the capital (\$500,000), was provided by Jay Cooke and Company's two houses in the proportion of two to Washington and three to Philadelphia, 950 shares being assigned to Henry Cooke, 900 to Fahnestock, 1,250 to Jay Cooke and 1,750 to William G. Moorhead. The bank began business with thirty per cent. of its capital paid

¹ Fahnestock.

² *American Exchange and Review.*

in and it was therefore necessary for it to purchase \$50,000 worth of registered 5-20s, whereupon a certificate of authority was issued by the Comptroller of the Currency. This paper was as follows:

WASHINGTON, July 16, 1863.

TREASURY DEPARTMENT, OFFICE OF COMPTROLLER OF THE CURRENCY

Whereas, by satisfactory evidence presented to the undersigned, it has been made to appear that the First National Bank of Washington, in the county of Washington, and District of Columbia, has been duly organized under and according to the requirements of the act of Congress entitled "An act to provide a national currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863, and has complied with all the provisions of said act required to be complied with before commencing the business of Banking:

Now, therefore, I, Hugh McCulloch, Comptroller of the Currency, do hereby certify that the said First National Bank of Washington, county of Washington, and District of Columbia, is authorized to commence the business of Banking under the act aforesaid.

In testimony whereof, witness my hand and [L. S.] seal of office this 16th day of July, 1863.

HUGH McCULLOCH,
Comptroller of the Currency.

One of the most characteristic acts in all Jay Cooke's financial career, marked throughout as it was by large and daring enterprises, was his organization of a national bank in New York City. As we have seen the antagonism to this as to other financial arrangements with which he was known to be identified was greater there than anywhere else. Mr. Cooke recalling this experience says in his Memoirs:

“John Thompson, the publisher of the Thompson Bank Note Detector, was the first man to organize a national bank in the city of New York under the name of the First National Bank of New York [No. 29]. The capital was only \$100,000 and the banking office was at the northeast corner of Wall Street and Broadway, in the basement. Nearly every city had its bank-note detector. In Philadelphia we had Bicknell’s and it was just as necessary for a trader to have a bank note detector and reporter as a yard measure. John Thompson’s was a combination of a detector, reporter and quotation list of discount upon currency, as well as a true record of the rates of exchange in every part of the country.

“There were two other banks organized in New York shortly afterward—the Second National under the Fifth Avenue Hotel with a capital of \$200,000 [No. 62] and the Third National with \$300,000 capital [No. 87], organized under the auspices of Winslow, Lanier and Company, and principally owned by that firm. Mr. Lanier was from Indiana and was a great friend of Mr. McCulloch.

“The Bank of Commerce, American Exchange, Metropolitan and other great banks of New York were openly hostile to the new system and some of the officers of these institutions used not only their personal influence, but the press and pamphlet to decry and oppose the national system. Some friends of Mr. Chase in New York, knowing his earnest desire that the banks of that city should come speedily to adopt the national system, formed a committee, and made great efforts to establish an institution with a capital of \$5,000,000 to be

called the Fourth National Bank of New York. This committee was composed of Mr. Opdyke, Mr. Hutton, Mr. Webb, Mr. Stewart and other well known and influential citizens. Their efforts resulted in subscriptions amounting to a little over \$1,000,000 and, after some months delay, the matter was brought to my notice by Mr. Chase and Mr. McCulloch when I assured them that I would go to New York on the following Monday and within three days secure the \$5,000,000 capital for the establishment of the Fourth National Bank. Before leaving on Monday morning I saw a few of my friends in Philadelphia, namely Mr. David Milne, Mr. George H. Stuart, Mr. C. H. Welling and others, putting down our own firm's name for \$100,000. I took with me over a half million in subscriptions and could readily have raised the whole five millions in Philadelphia, if it had been thought best.

"I had written to Mr. John A. Stewart of the Trust Company to call a meeting of his committee for 3 p. m. on Monday. I met this committee at that time and told them of my promise to Mr. Chase and Mr. McCulloch, and that I knew the bank would be established within the three days. I suggested that upon the following day each of the eight members of the committee should call upon a list of names of their own selection, and at three o'clock on Tuesday we would meet again to report the results. They were particularly enjoined to regain all their old subscriptions, while at the same time obtaining as many new ones as possible. I enlisted my various agents for the sale of the government loans in the work of procuring subscriptions, called myself on Hoyt, Sprague and Company, A. T. Stewart, Daniel

Drew and others. A. T. Stewart after an hour's conversation and argument refused to subscribe. Hoyt, Sprague and Company and Daniel Drew each subscribed \$100,000. When we met at three o'clock at the office of the Trust Company our list had reached a total of nearly \$2,500,000. We re-arranged our plans and the next day, Wednesday, when we met at three the subscriptions amounted to \$3,500,000.

"I then took the precaution to write letters to friends in Boston, Baltimore, Cincinnati and Chicago urging them to send in their subscriptions by telegraph. The third and last day, Thursday, when we met again, the total was \$4,300,000. I stated to the committee what I had done in corresponding with out of town parties and proposed to take myself an additional \$100,000 and that we should all unite in the effort to make up the desired amount of money, believing, as I assured them, that by the next day subscriptions would come in aggregating a sum large enough to relieve us of these extra obligations. Great enthusiasm prevailed and the list was made up to \$5,000,000, including some of the best names in New York City. I immediately telegraphed the Secretary of the Treasury that the Fourth National Bank was established with a capital of \$5,000,000, as I had promised it would be within the three days, and calling in the money editors of all the principal daily papers whom I had invited to the Trust Company office, gave them the list of the names of the subscribers. This list with the circumstances attending the establishment of the Fourth National Bank with \$5,000,000 capital was duly published in the papers next day, and that night at the Union League Club under the auspices of Mr.

Hutton a supper was tendered the committee. There were many invited guests, including Hon. William M. Evarts and some other subscribers. I received many hearty congratulations and about midnight left for Philadelphia.

“In a day or two, not hearing from Stewart, I telegraphed him to learn how large my check should be. The answer was: ‘Your original subscription is all that is required. Amount fully made up by others and could make the capital much larger if desired.’ When it is remembered that the whole banking community of New York was prejudiced against the national system, and that all influences, financial and social, were arrayed against the change, the prompt success of this effort was quite remarkable. Mr. Opdyke was elected president and the bank soon went into operation.¹ I took an early occasion to influence the old banks of New York to come over to the national system without further delay, assuring them that they would reap every advantage that could be obtained by becoming depository banks and agents for the government, but in the event of their failure to enter the national system I should be forced to carry out a plan I had in contemplation, to establish a bank in New York with \$50,000,000 capital which

¹ “Lowe declines the presidency. New York opposes the scheme and its bank officers and at the head of them the Bank of Commerce, but we will triumph over them. I am to meet the commissioners to-night at the 5th Avenue. I tell them they must organize first, fix on Vermilye for President, select a good board of directors, and then we can put it through, and if they can't do it here we will do it in Philadelphia, Baltimore and the west. I am determined to succeed in this matter. Vermilye is a great favorite and a good fellow and one more suitable for the post than Lowe or any other merchant.”—J. C. to H. D. C., from New York, Dec. 9, 1863.

would receive the national deposits and enjoy every benefit that could be realized from a connection with the Treasury of the United States. I told them I contemplated calling upon the other national banks throughout the United States to become stockholders in which case their accounts and balances would be removed to their own national bank in New York, and it was much preferable not to bring about such a separation of interests. It would be far better as they and I knew for the old banks to co-operate cordially in the establishment of the new system. Very promptly, one by one, they changed to the national system and there was no necessity for going further in the matter that I had proposed. I am positive that I could have established this large bank within thirty days, in which case it would have received not only the bulk of the government deposits but the accounts and balances and business of a large portion of the national banks throughout the country.¹ In those days and with the full co-operation of the Treasury in all that was good and proper to be done I had not the least idea of any failure to accomplish such a work as the above."

In raising the funds to start the Fourth National of New York, Mr. Cooke, as he has indicated, 'strode over barriers in his life-long manner. His principal agents in Boston, Spencer, Vila and Company, to whom he appealed for subscriptions, wrote that none was to be expected from their territory. "Bank stocks are not in

¹ Mr. Cooke had it in his mind to take hold of the Third National Bank of New York. Chase who was consulted about the movement hoped that its capital could be increased to twenty and if possible thirty millions, "so it would be an overshadowing power."—H. D. C. to J. C., Jan. 4, 1864.

much favor at present," they informed Mr. Cooke under date of December 17, 1863, "and the 5-20 agents say very emphatically that it would be useless to attempt a subscription at the present time. We regret exceedingly that you should be subjected to any disappointment," etc., etc. As he hints in his Memoirs, he found much of the encouragement he needed in his own city, many Philadelphians making subscriptions to the stock of the new bank. Thus Tyler and Company "dealers in coal" wrote him on December 8, 1863, as follows:

Jay Cooke, Esq., care of Clark, Dodge and Co., New York:

Dear Sir:—We hereby authorize and request you to subscribe in our name forty thousand dollars (\$40,000) stock of the national bank now being organized in New York with \$5,000,000 capital. We will pay your sight draft for the first installment and make payment of the balance as may be necessary.

Similar letters were received from many other Philadelphia merchants and capitalists and thus was the bank started on a way which should have led to better fortune than it was soon to enjoy. Early in 1864 a quarrel arose between the president, George Opdyke,¹ and his directors, and Mr. Cooke's New York agents, Hugh McCulloch and others were appealed to in the interests of peace. Mr. Opdyke wrote to Jay Cooke and Company April 3, 1864:

Gentlemen:

There is irreconcilable discord in the direction of the Fourth National Bank which you did so much for in procuring sub-

¹ In a letter to Chase in April, 1864, in which he tried to fix the blame for the unhappy condition of affairs in regard to the Fourth National Bank Cooke said that Mr. Opdyke had been taken because he seemed to be "the only available man." He added, "I admire him and think highly of him as a man—but would not again choose him as a president to preside over any capital I had to invest in banking."

scriptions to its stock and a large amount of which is still held by you and your friends.

I am anxious to confer with you in relation to its interests and shall be greatly obliged if your Mr. Cooke will visit this city for that purpose.

Very respectfully yours, etc.

The disagreements continued until the end of the year when through the influence of Joshua Hanna of Pittsburg, and Mr. Cooke and the Philadelphia interests the stockholders chose a board better able to give the institution the creditable direction which a pioneer bank required, if it were to serve as an exemplar of an untried and as yet unpopular system.¹

Early in 1864 there was a characteristic passage at arms between Jay Cooke and George S. Coe, president of the American Exchange Bank whom, with other officers of the leading state banks in New York, the financier desired to identify with the national movement. On January 18, 1864, Mr. Coe wrote to Cooke:

Your favor of the 15th inst. is at hand. The importance of continuing the harmonious action between the government and the banking institutions of the country which has hitherto worked so efficiently for the national cause cannot be overstated. It is deeply felt here by every bank officer and they will doubtless freely unite their counsels to promote it. But as I stated to you in conversation such a movement can only be successful if originated on invitation of government. You and I are only individuals interested in our respective institutions and may only prejudice the object by taking the initiative, besides laying ourselves liable to the charge of presumption in taking the lead in a matter equally important to all.

¹ Hugh McCulloch was mentioned for the presidency and had conditionally accepted, but affairs took a different turn. See McCulloch to J. C., Dec. 24, 1864.

An opportunity was now at hand for a patriotic declaration by Mr. Cooke in his characteristic style. On January 18th he wrote from Philadelphia:

Geo. S. Coe, Esq:

My dear Sir:—I have yours of Saturday and confess to a *great disappointment*. I am aware that this matter might possibly be in better hands than mine and also that your or my actions are not binding on any one. I am, however, perfectly willing for my part to be considered presumptuous, trusting in the purity of my motives as a full justification. I do not think that this is the first time that individuals having a great public good in view have “taken the initiative.” If we do not take such action who will? I feel assured that some one person or persons must step in here as peacemaker, as it is not probable that the government will take any measures of the kind we were talking of, viz., the extension of an invitation to representatives of the banks, unless the way to such movement is prepared by individuals. I confess I can see no harm resulting from an honest and disinterested attempt to harmonize and make peace where now evidently war is rapidly brewing. I am sure I considered from the tenor of our conversation that you fully sympathized in my views, and that should I make a beginning here, as I have done, you would gladly co-operate in New York.

I wish it fully understood that I am in no wise under any instruction or impulse of the government. All that I propose to do is to join with others—a few selected gentlemen. . . . With such gentlemen as yourself in New York and a similar co-operation in Philadelphia and Boston we could so arrange matters as to bring about harmonious action in Congress. If such movements can be made or will be made without my aid I shall be delighted to save myself from further trouble. I am only anxious to do good. I have no stock in the old banks and as far as my personal interests go it would be better for me that the national banks in which I am interested should have the whole field for themselves and the other national banks. You certainly therefore will see that I am entirely disinterested in

this matter, neither am I in the remotest degree moved by any influences from the government. . . .

I shall be pleased to hear further from you. I trust you will change your mind and agree to undertake this good work regardless of any fears of prejudicing the work, or of being presumed officious.

Very truly yours,

JAY COOKE.

Mr. Coe was of course in no mood to be convinced of the need of a conference to forward the interests of the national system. He replied on January 19th:

I am familiar enough with our banking gentlemen to know that while they are anxious to interchange views for the purpose of establishing a sound and permanent system under the national bill, yet they will not convene for that purpose without some official intimation that their labors will be acceptable to government. I am unwilling to be the originator of a movement that might subject me to be challenged for my authority, or end in a cold repulse. As I stated to you when here Mr. Cisco occupies such a position in this city and his relations to all our banking gentlemen are of that independent, and at the same time confidential character, that he can do more than any other to secure such a conference. He may invite whom he will, whether here, in Boston or Philadelphia, with the certainty of a hearty response. But he will naturally desire to wait for an expression from headquarters.

Thus was Mr. Cooke again very plainly told that he was a presumptuous meddler who was without authority for what he intended to do, a judgment be it noted which did not change his purpose with reference to the national banking system. It throve in spite of temporary reverses and discouragements. Early in 1864 the First National Bank of Philadelphia raised its capital from \$500,000 to \$1,000,000. In May, 1864, the

First National of Washington paid a five per cent. gold dividend on its half year's business, having had no circulation until December, 1863. In November, 1864, Jay Cooke received six per cent. or \$7,500 in gold on the \$125,000 of stock which he personally held in the bank. In May, 1865, it paid a dividend of ten per cent. in gold on a half year's business, applying \$25,000 to surplus and \$21,000 to the mortgage held by Jay Cooke and Company on its marble building.

Baltimore's First National was not very far behind the rest, starting early in 1864 and others were soon put on the way to organization in that city, "quite a number of citizens" feeling much disappointment because they were unable to obtain stock in the first bank; it was all taken "by big fish before the small ones got up."¹

When Mr. Chase made his report to Congress in December, 1863, 134 national banking associations had been organized with an aggregate capitalization of \$16,081,200. The charge that nearly all of them were small and relatively weak foundations in the West was true. But they were national banks and a great number of them owed their existence to the labors of Jay Cooke and his travelling agents engaged in selling the 5-20 loan, who upon the passage of the law were directed wherever they went to bend all their efforts to this end. Mr. Cooke lost no opportunity to spread the gospel of the national bank both because it would assist him in the sale of the 5-20 loan and through knowledge that it would place the finances of the country upon a solid, honest, systematic national foundation, thus preparing the way for an easier disposition of future war loans.

¹ Letter of John Wills to Jay Cooke, February 3, 1864.

He gave of his time and capital generously and loyally to a work that brought him no immediate return, even in the good opinion of his fellow men. It was a patriotic service and without it the system probably would not have failed, but its progress would have halted and in all likelihood it would have had no development rapid or large enough, to fit it to be a useful influence in forwarding and terminating the great civil contest.

All of his agencies were freely used for the distribution of circulars and pamphlets explanatory of the new banking law. Some of these were furnished him by the Treasury Department; others were prepared and printed at his own expense. The First National Bank of Washington invited new associations to send their preliminary papers to it rather than to the Department directly,—for correction, for an omitted revenue stamp or other necessary attention, lest they be returned by the Comptroller because of some imperfection. As early as May 13, 1863, Jay Cooke wrote his brother Henry: "Can't you get up a pioneer pamphlet showing parties exactly what they have to do in order to organize the new banks? Everybody is floundering in ignorance just now, and it is losing the golden opportunity for Governor Chase."

In the autumn Jay Cooke had Henry D. Moore prepare a "Synopsis of Proceedings Necessary to Organize a Bank under the Act of February 25, 1863." He promptly gave it the popular title "How to Organize a National Bank," and changed and corrected it in many ways with his own hand until it was a concise and lucid document. After submitting it to Secretary Chase and Hugh McCulloch for their approval he

printed it and forwarded it to his correspondents and agents for their reading and distribution in all parts of the loyal states.¹

The communications from Mr. Cooke's western travelling agents for this period are of much interest, clearly indicating the development of the national banking system in that section. H. C. Storms wrote from Chillicothe, O., on November 20, 1863, saying that he had secured a promise from the officers of the bank at Athens to organize under the national law, other capitalists in the town being put in a frame of mind to form an association if the old institution refused to adopt the system. At Parkersburg, Va., and Pomeroy, Gallipolis, Ironton, Portsmouth and Chillicothe, O., he found or left national banks in various stages of organization, and sold them the bonds to secure their circulation.

Thomas F. Shewell, travelling in a more western district, found the First National of Davenport, Iowa (No. 15), Austin Corbin president, ready to issue its first quarterly report on September 30, 1863, a copy of which he forwarded to Mr. Cooke. While many associations had been or were about to be formed there was, he said, "great reluctance to bank under the law while so great a discrepancy exists between the state and national law in regard to taking interest which is here permitted to be 10 per cent. under contract [a provision in Section 46 was construed to prevent the taking of higher rates]. It is up-hill work to convince men against their own interest, so I have rather endeavored to induce them to take action in relation to the 5-20s, that they

¹ The original draft of this paper is preserved in Mr. Cooke's collection in possession of Mrs. Barney.

may be within reach after the law is amended to their satisfaction, when I am convinced every banker and banking concern in the state will take advantage of it. At least so much I gather from those I have seen thus far."

Another retarding influence which was reported by Mr. Shewell in a letter from Chicago on November 10, 1863, was the appearance of the new national bank notes. The western people were already so enamored of the greenback that they wished no other money. He wrote:

On relation of a banker here who had seen the proofs from the plates for the new national bank currency, and who said that they resembled ordinary bank notes and not greenbacks, much solicitude is expressed, and it is regretted that they are not as near like them as possible; for the farmers refuse to take anything else for their produce, horses, cattle, etc., hoarding them as they formerly did gold. A horse dealer for government account in purchasing Treasury notes at $\frac{1}{4}\%$ premium remarked to a banker that he could buy a better horse for \$100 in greenbacks than he could for \$200 in other currency, and an Irishman presenting a check to another asked to be paid in "Lincoln green." These facts show the regard of the people of the Northwest for this currency. The feeling is universal and for this reason I think it would be wise in the government to imitate them as nearly as possible in the new national bank notes.

William Poulterer, reporting the results of his labors in October and November, 1863, said:

I have reason to believe there will result from my exertions in Michigan from twenty to twenty-five organizations requiring two millions of capital and promoting sales of 5-20s three or five fold more. All this in the interior. Detroit is doing its own work and doing it well.

The same agent again wrote to Mr. Cooke on November 18, 1863, when he said:

The principal difficulties to overcome in my efforts to establish national banks in this state, are the following three, which indeed resolve themselves into but one, to wit: the rate of interest.

First. Want of capital for the investment.

Second. Need of the immediate return of the ninety per cent. on investment in circulating notes.

Third. The low rate of interest permitted—seven per cent. only in Michigan, whereas the state law permits ten per cent. (by contract) and throughout the greater portion of the state the actual rate is $1\frac{1}{2}$ to 2 per cent. a month.

Now it is evident that money is worth more than seven per cent. in these new countries, and until there is a restriction of the rate for New York to the three per cent. of London and Amsterdam there is inconsistency in limiting the rate here to the New York seven per cent. rate. The state laws considerably allow 10 per cent. by contract in Michigan and I am informed that in Illinois 12 per cent. is permitted. Had the act been in this respect as liberal as the state laws, and had the currency department been ready to issue circulation great immediate success would have attended my exertions here. Quite a large amount of 5-20s are now held by bankers and others in interior towns of Michigan and still more will be purchased for use in banking under the act when the circulating notes are ready, a change of business until that time not seeming desirable and the hope being strong that the coming Congress will allow interest to be charged on loans in accordance with state enactments. Of course Mr. Chase is aware of all this and will not neglect any just and necessary requirement of the great west, a region it is especially desirable to occupy with banks in his great system.

The very grave objection was offered by the old state banks of the East to the abandonment of their names, which they had borne with honor for many years, in

favor of numerals. The American Exchange or Chemical Bank had no desire to become the Fifth or Tenth National, and that they resented a change upon such terms is not to be wondered at.

The conviction was general therefore that the act of 1863 should be amended in the light of the experience of a year and that further steps should be taken to harmonize the national and state banking systems, so that a greater number of the old institutions would avail themselves of the privileges offered them by the Treasury Department. The debate in Congress developed all the objections which had been expressed in the country at large during the year past—that the system inflated the currency, increased prices, provided an issue of irredeemable notes, sheared states of many of their proper powers and prerogatives, etc. The amendatory act had the approval of Jay Cooke, who as early as in January, 1864, instructed Henry Cooke to visit Secretary Chase and John Sherman and lay before them his plans for an improvement of the measure. The amendments were passed on June 3, 1864; receiving a larger majority than had the original bill in the preceding year. The changes, while largely technical in character, made several rather important concessions to the state banks. All the Corn Exchange, Farmers' and Mechanics', Tradesmen's and other banks with distinctive names, to which they wished to cling, were now invited to come into the national system, bringing their names with them.¹ From the beginning the officers of the old

¹ This was an administrative rather than a statutory regulation of Mr. Chase's making. Experience told him that he had better abandon his numeral scheme.

banks were fearful that their institutions would be taxed to death. Indeed, as the Boston pamphleteer wrote in October, 1863, it was the "openly and frankly avowed" purpose of the Secretary of the Treasury and the Comptroller of the Currency to drive them out of existence. The Comptroller on a recent visit to Boston had "pressed upon the presidents of banks, with whom he had asked a conference, whether the instinct of self-preservation should not induce them to wind up their state institutions and organize at once under the United States law." ¹

Congress, despite its threats and the bankers' fears, did not lay a tax upon state bank issues until March 3, 1865. Then it was provided "that every national banking association, state bank or state banking association should pay a tax of ten per centum on the amount of the notes of any state bank or state banking association paid out by them after the first day of July, 1866." Thus gradually, and yet with a revolutionary force not very possible except at a time when important measures were rather arbitrarily enacted and executed under a broad plea of necessity in the exercise of the war power, were the sixteen hundred state "shinplaster shops" swept out of existence in favor of a respected banking system to all practical purposes, the same which is in successful operation at this day.

The Comptroller of the Currency on November 25, 1864, reported 584 national banking associations with a total paid-in capital of \$108,964,597, issuing circulation to the amount of \$65,864,650, and in his report for 1865 the number of national banks had increased to

¹ *Some Strictures, etc.*

1647 with a capital of \$418,000,000, their issues of notes aggregating about \$220,000,000. As the law required they had absorbed about \$250,000,000 of government bonds to secure their operations.

The time was now at hand when Jay Cooke was to become quite openly involved in Mr. Chase's campaign to make himself the successor of President Lincoln. In spite of the exasperations of the summer of 1863, when Chase by his unsettled conduct regarding the allowances to be paid for the sale of the five-twenties, seemed to be as unfriendly to the Philadelphia banker as to his country, so sadly in need of the money which a little more liberality on his part would cause to flow into the Treasury abundantly, Mr. Cooke was still one of the Secretary's warmest admirers. It was entirely natural that he should cordially sympathize with the presidential aspirations of Mr. Chase, especially as his brother was a politician very enthusiastically committed to the Ohio leader's candidacy. Jay Cooke's loan agents and the newspaper advertising system which he had created were therefore cheerfully enlisted in Chase's behalf, but the movement was concealed under so much real patriotism and the hopes of the leaders were so short lived that no particular harm came to the banker and his firms from his association with this rather unfortunate political experiment. Deeply possessed as he was from the beginning to the end of his life of a desire to be President of the United States, Mr. Chase not only favored but indeed rather expected the use of the five-twenty advertising agencies for his personal political advantage. As early as March 25, 1863, Henry Cooke wrote to Jay Cooke that the "Governor" was

pleased with "the *Ledger* money articles," and "suggested that the money editors should put forward and keep prominent this idea that the success now attending the government finances was owing to the adoption by Congress of his series of measures, a series of measures which he pertinaciously adhered to, pressing it upon Congress, which was reluctantly brought to adopt it."

On January 13, 1864, Henry Cooke in his correspondence with his brother remarked that he had just been summoned to the Treasury Department. The "Governor" had received an anonymous note in reference to the Philadelphia Union League's action in declaring itself for Lincoln for a second term, and its course was ascribed to Jay Cooke's influence. After mentioning the subject the Secretary said he would "let it pass"; he had sent for Henry Cooke to confer with him concerning the 5-20 loan. The note was regarded by the latter as "a dastardly and cowardly attack" upon his brother and he wished that the facts could be made known to Chase, so that their devotion might not be in any kind of doubt.

The next day, January 14th, Henry wrote to Jay Cooke:

The *Chronicle* [Forney's Washington paper] is out to-day for Lincoln. The current seems to be setting strongly and almost universally in that way. The Governor alluded to the fact, and said that rather than jeopardize the chances of his usefulness to the country and the success of his financial policy, which he believed to be the salvation of the country, he would sacrifice all hopes or aspirations for the presidency, were the prospects ten-fold more flattering than they are. That was noble; yet as his personal friend I feel bound to do all that can honorably

be done to advance his interests in that direction. If you can succeed in your bank plan it will be a great point gained.

On March 1, 1864, Henry Cooke wrote:

The Secretary has the question of running for the presidency still in abeyance. What do *you* think are the prospects in Pennsylvania? I ask for information. I think the Secretary would like to have your opinion.

On March 4th he wrote again:

The Secretary will probably let the public understand shortly that he is not seeking a nomination against Mr. Lincoln. He is content to leave the choice to the people. If they prefer Lincoln he will make no effort to supplant him in that preference. If on the other hand they manifestly prefer him he would not feel at liberty to decline the nomination, if tendered. He means simply that by no act of his will he stand in the way of Mr. Lincoln's renomination if the people prefer him.

On April 5, 1864, the coyness of the candidate had increased, for he wrote to Jay Cooke concerning a letter which the Secretary had received from a humble admirer in Philadelphia as follows:

I want you to thank him for his friendship and to say that my letter to Mr. Hall meant exactly what it said. While few men would I suppose refuse so high an office if tendered to them, and I don't profess to be one of the few, I cheerfully recognize the fact that a majority of the friends of the cause I love better than any personal advantages prefer the re-election of Mr. Lincoln and I am not willing to have my name used as a watchword of faction and division.

In the meantime, while they so busily forwarded the sale of five-twenties and urged the organization of national banking associations, the newspapers at Jay Cooke's direction were very loudly praising Mr. Chase as a man, and lauding his policies as the Secretary of the

Treasury. *The American Exchange and Review* of Philadelphia, a magazine of the day, published an extended biography of Mr. Chase, which was inspired by Mr. Cooke, being accompanied by a handsome portrait of the Secretary of the Treasury, engraved especially for this use by John Sartain. On December 1, 1863, Joshua Hanna, the Pittsburg banker, still a warm friend of the Secretary, wrote to Jay Cooke:

Dear Sir:

Your favors with articles for publication were all received. The first was published in the *Commercial* and followed with an article of their own. The other copy is sent to an adjoining county and I have the promise of its insertion. The last one is in the same paper and I send you two copies by this mail and one to Chase.

I reserve the privilege of paying for it myself. I have labored hard but as yet Old Abe has the ascendancy, largely with the remark that we cannot spare C. from his present position. The last article will be copied by several papers in western Pennsylvania and eastern Ohio.

Indisposed to take an active part in any political movement, Mr. Cooke¹ had too much good sense to go far with his anti-Lincoln friends. Nevertheless he had given pecuniary aid to the Chase committee, of which Senator Pomeroy, the author of the ill-starred "Circular," was the chairman and, through Henry Cooke, the Washington branch of Jay Cooke and Company was involved in expenditures which were estimated

¹ It needs to be said that Mr. Cooke's partner was a Chase man, although a Republican in but few of his sympathies, and therefore not fully entitled to a share in choosing the party's candidate for 1864. "I admire and truly respect him" [Chase], wrote Mr. Moorhead on June 22, 1864. "Would we were willing to commit to his care and keeping all the interests of the country, but he is not appreciated by Lincoln."

to amount to \$20,000, about half of what the adventure is said to have cost the Secretary's new son-in-law, Senator Sprague. First of all there was an outright gift from the firm of \$5,000. There was a check of \$2,000 to one Daniel W. Wise (of "Walker, Wise and Company, publishers, booksellers and stationers," 245 Washington Street, Boston) for an article laudatory of Chase, which was to be placed in a coming number of the *Atlantic Monthly*, said to have been Jay Cooke's own investment and paid in person while he was on a visit to Washington. This was a chapter from a "Life" of Chase called "The Ferry Boy and the Financier," written by J. T. Trowbridge for which the Secretary himself furnished the material.¹

Then there was the purchase of a newspaper to be managed in Mr. Chase's interest, the negotiation being directed by Senator Sprague. Some \$13,500 were paid

¹ See correspondence between Chase and Trowbridge. Pa. Hist. Society. The article in the *Atlantic Monthly* appeared in the issue of April, 1864. Wise wrote to Mr. Cooke from Boston, April 25, 1864, asking for \$2,000 to distribute the "Life." He said: "We now expect to publish Mr. Chase's life in course of a week and want to be able to send a copy to 2,000 newspapers in all parts of the country, a list of which we are having made out at the New York *Tribune* office. The expense, including a copy of the book, postage, etc., will be about \$1 each, so that we want to raise \$2,000. When in New York a day or two since, I went to many of the bankers and brokers but could raise only a few hundred dollars, they all declining to subscribe at present; some on account of the effect produced by Secretary Chase's last trip to New York, when many of their pockets were materially affected and themselves considerably frightened. Others say that they are not ready to commit themselves, but say that if we can get him nominated they will spend their money liberally for him. What is necessary to be done, however, and that at once, is to place a copy of the book in the hands of all the press throughout the country before the convention that if possible they may be made to use their influence in his favor. . . . What we want to raise is \$2,000. Whatever you write us will be strictly confidential," etc., etc.

on this account by the Cookes and other persons concerned, with promises of enough more to raise the amount to \$20,000. The Chase men from time to time obtained various loans from Jay Cooke and Company of Washington, or from Henry Cooke, upon the plea of an empty treasury. It was stated that Jay Cooke had authorized these expenditures but this was only partially true, for when the state of affairs in his Washington house was brought to his attention he very promptly withdrew both himself and his firm from the entire Chase-Sprague-Pomeroy movement. To make the divorce more impressive it was announced that Henry Cooke was in poor health by reason of the exactions of the five-twenty loan business and would go abroad for the summer of 1864 to rest and develop his cherished plans for the sale of United States bonds in Europe. In his absence Mr. Fahnestock drew upon Sprague for various amounts, some of which he never received, since the Senator from Rhode Island did not regard them as personal obligations. The "promises" to the agent, one Weston, for the purchase of the newspaper, were not kept. The firm refused to pay an order presented by "Sunset" Cox for \$3,000 which he claimed for some mysterious political object, and generally sought to do what it could to recoup itself for its unfortunate political investments. In all this Fahnestock had the warm support of Jay Cooke, but a good many thousands of dollars were irrecoverable, and the burden must be borne personally by the Philadelphia financier, or charged to profit and loss.

This was the end of a very ill-advised alliance, the echoes of which were never allowed to extend beyond

the narrow walls of the private offices of the heads of the firm. Lincoln's renomination was foreordained; resistance was in vain and Jay Cooke for himself had no desire, if he had possessed the power, to antagonize the second term movement. He was ready to go on a fishing trip in the streams around Washington with Sprague and General Moorhead about the time the delegates met at Baltimore, Moorhead begging for a delay in order that he might attend the convention. Mr. Cooke afterward loyally worked for the election of Lincoln and made at least one contribution to the campaign managers. He gave \$1,000 to the Pennsylvania State Republican Committee, which was acknowledged as follows:

HARRISBURG, July 24, 1864.

Dear Sirs:

Our friend, General Moorhead, writes that you will contribute one thousand dollars to me for the use of the State Committee, as several other good Union men have already done. For this liberality please accept my thanks. Will you send a check for the amount or shall I draw on your house?

Very truly yours,

SIMON CAMERON.

Jay Cooke and Company.

In judging Jay Cooke's course at this time it is to be remembered that the bond between Ohio men is persistent and strong and that the personal relations of the Chases and Cookes were unusually friendly and warm. Moreover the financier was open, straightforward and of the largest views, innocent of all knowledge of practical politics. He studied the war on its financial side and looked at it as a financial problem, Secretary Chase standing before him as a greater figure than



Newburg, Aug 11 1864.

\$1000.00

No

Pay to the order of Geo. H. Small, corner

100 Dollars

Value received and placed to account of State Central Court
to Jay & Co of St. Phila. J. H. Chamberlain

J. H. Chamberlain
Cashier

JAY COOKE'S SUBSCRIPTION TO THE LINCOLN CAMPAIGN FUND IN 1864

those who were performing deeds better calculated to quicken the pulses of the great body of the people. There were many reasons for Chase's failure to win the honor which he so much coveted, but which neither he nor his friends under the circumstances could openly claim for him. One reason was an intrinsic defect in his nature. It was not better illustrated anywhere than in his dealings with Mr. Cooke. It was well described by Zelotes Fuller, the old editor of the *United States Journal* of Philadelphia, when he wrote about this time: "Although I have never seen Mr. Chase or received from him a single line I am much prepossessed in his favor and would like to see him on the road to the presidential chair. Who knows but that one day Jay Cooke will be a member of his cabinet? . . . There is but one thing in him which I do not like, and that is he seems to care too much for his enemies and too little for his friends, and apparently would go farther to placate an enemy than he would to retain a friend."

CHAPTER VIII

DEFEATS AND DISTURBANCES

In the early months of 1863 while the national banking bill was making its way through Congress with the valuable aid of Jay and Henry D. Cooke the \$900,000,000 loan bill also was being discussed and prepared for its final passage. The bank bill became a law on February 25th and the loan bill on March 3d. The dangers which lurked in the latter measure, as Jay Cooke viewed the financial situation, chiefly lay in the proposal to increase the outstanding amounts of non-interest bearing paper money. He believed that a time was at hand when no more of this should be issued and he labored with a fine zeal to prevent the advocates of further emissions of greenbacks from pursuing their ruinous policy. The financial situation with the increasing premium on gold and the inflation of prices in terms of the paper money alarmed observant and reflective men. In November, 1862, Joshua Hanna wrote to Jay Cooke:

The increase of paper money has not only caused a wide margin between paper and coin, which unless arrested must continue to increase until it follows the fate of all paper money not based on coin the world over, but it has caused an advance in all articles in the market, in many of them from 50 to 200 per cent. (except salaried men and officers), who are beginning to complain with just cause. They must soon be advanced unless a correction in the circulation is effected. Again a fever of speculation is taking possession of so large a portion of the country that a feeling is

growing among this class that the longer the war lasts the better for them, and each day's outlay exceeds the last until our expenses will soon double the original cost per man (soldier). This state of things is alarming capitalists and must soon bring us to a crisis.

A few months later the New York correspondent of the Philadelphia *Inquirer* wrote:

As an illustration of the popular mania for speculating in stocks the fact may be mentioned that within fifteen minutes of the opening of subscriptions in a certain gold mining company this morning double the amount of its capital stock was subscribed, and so anxious were the crowd to go in that doors and windows gave way before the pressure. At one time it was thought that the interference of the police would be necessary to maintain order. Some parties resold their interest before leaving the room at a handsome advance. It mattered not whether the afore-said gold mines had an earthly existence or not. The people did not care apparently whether they were located in Colorado or in the clouds. What they wanted was shares, shares, shares of something and the want had to be supplied. Women are interested largely in these gambling operations as well as men. The dear creatures, it is true, do not appear in the crazy crowd *propria personæ* but moderately sharp optics may discover them any day in close carriages or in back offices near by anxiously waiting to hear the latest report from the Board, so as to be in a position to instruct their brokers to buy or sell. A Ladies' Board, it is said, has actually been inaugurated in one of the Broadway hotels. Thus almost everybody for the moment is blowing bubbles or building castles in the air.¹

There was noticeable extravagance in dress and in all departments of personal living. The Philadelphia *Telegraph* complained of the heavy importations of laces, satins, silks and all kinds of foreign luxuries, another factor contributing to increase the premium on

¹ Phila. *Inquirer*, April 8, 1864.

gold. The *Inquirer* said: "Extravagance in dress is at any time a sin. At a period like this it is a crime for which, if prudence does not abate its manifestations, we will hereafter pay dearly." The New York *Herald* warned its readers against "the hundreds of mining companies which are springing up in all directions, a large majority of which have neither body nor soul and are only intended by their projectors as speculative bubbles."

A writer in the New York *Evening Post* said:

We ought to retrench just as an individual would retrench who was engaged in a costly lawsuit, and found himself compelled to spend a large portion of his income every year and borrow largely of his friends in order to carry it on. There is something exceedingly repulsive in the attempts that people make to persuade themselves and others that the war is enriching the country and that we may therefore eat, drink and be merry.

Congress now proposed another large issue of greenbacks, the principal offenders in creating this carnival of inflation and speculation. The movement was resisted by Jay Cooke and the history of this legislative struggle is well told in Henry Cooke's letters to his brother. On January 7, 1863, he wrote:

The committee met yesterday to consider Mr. Spaulding's bill. It was laid aside for the Governor's bill which includes the bank scheme. After some discussion the committee by a large vote laid aside Mr. Chase's bill (as an entirety) and appointed a sub-committee of four to report a plan. The committee consisted of Messrs. Morrill of Vermont (author of the tariff), Chairman; Hooper, Erastus Corning and Spaulding, all able men and practical financiers. They worked all night on a plan which they reported to the committee this morning and which will

command the vote of all but Stevens in the committee, and possibly his to-morrow. It is briefly:

1st. To issue 300 million legal tenders.

2nd. To issue 300 million legal tenders in denominations not less than \$10 bearing interest at the rate of one and one-half cents on every \$100 per day or \$5.47 per annum, the notes payable in three years.

3rd. To issue 40 millions of postal currency.

4th. To issue 500 million six per cent. twenty year bonds, subsequently increased in committee to-day to 900 millions.

5th. To tax bank circulation by a sliding scale,—on a capital of \$100,000 a tax of 2 per cent. on all circulation over 90 per cent. of the capital; on \$150,000 capital 2 per cent. on the excess over 80 per cent.; \$200,000 a tax on all over 70 per cent. and so on.

6th. All interest payable in gold.

This programme met the hearty approval of every member of the committee except Stevens. He insisted that the 300 millions legal tenders to be issued should take the place of the 300 millions already issued, instead of being additional thereto, inasmuch as there was so large an issue of non-interest bearing Treasury notes (these latter and the old and new issues of legal tenders making 900 millions). Stevens urged this point so strenuously that finally action was staved off till to-morrow, Stevens wanting to take the bill and study it to-night. You will observe that Erastus Corning is committed to the bill. He is the leader of the Democratic side of the House on all financial questions and his influence will carry the Democratic vote in favor of the plan. We have no doubt that substantially this plan will pass the House.

Now, Jay, we rather like this plan. It is right in the main and with some modifications of details and with the discretionary power given the Secretary it is substantially your plan. Make the 300 millions of legal tenders a substitute for the old ones as proposed by Stevens and reduce the interest on the interest-bearing legal tenders to 3.65, the notes themselves not being redeemable at any particular time, and it is your plan com-

plete. The general idea, germ and scope, are the same as yours; the difference is only in the details suggested.

It is of interest to find Thaddeus Stevens on the conservative side at this juncture. He was soon advocating the views of Jay Cooke. "I am sure from what I learn reliably," wrote Henry Cooke, "that he is sick of his first rash scheme and that he will be less presumptive and more tractable in future." It was recognized, however, by Henry Cooke, so observant and intelligent a student of political currents, that Stevens would now be "of comparatively little importance" and that he would be "governed by, rather than govern the action of the rest of the committee." And furthermore that "the final shaping" of the bill would be made by the Senate Finance Committee, "of which Sherman and Fessenden are the ruling minds." This forecast was entirely correct. Jay Cooke pursued his design to have Congress make the new issues one cent a day (3.65) interest bearing coin notes, Henry Cooke being instant in and out of season in forwarding his brother's plans. The financier himself appeared before the committees of the Senate and House. He gives his recollection of this legislative contest in his *Memoirs*, as follows:

"I went before the Committee on Ways and Means of the House and the proper Committee in the Senate to explain the effect of the passage of the law and issue thereunder of interest bearing legal tender notes. The greenbacks were being rapidly increased in amount to meet emergencies and were poured like a flood all over the country. Banks receiving these notes on deposit immediately shipped such as they had no use for to

New York and other eastern depositories, where they could obtain some interest and at the same time have their funds on call. They did this rather than invest their money in the permanent gold bearing bonds of the nation, naturally fearing that should they suddenly require their funds the bonds might have to be sold at a discount. So I devised a low rate of interest feature to be attached to the legal tender notes and recommended that instead of issuing vouchers through quartermasters, upon which the government indirectly suffered a very heavy discount, payments for all purchases should be made promptly through the quartermasters in these interest bearing legal tender notes. My plan was that they were to bear interest at the rate of three per cent. in currency, but no interest was to be paid until it had accumulated for three years. This would make these notes worth at the end of three months $100\frac{3}{4}$; at the end of six months $101\frac{1}{2}$; at the end of one year 103, and at the end of three years 109. [Mr. Cooke erred in recalling the rate of interest. His contention was for a note bearing interest at one cent a day.] I purposed that they should be received at any time with the interest calculated up to date in payment of subscriptions for any of the gold loans that the government pledged itself to keep upon the market for their redemption. Thus instead of such a vast influx of non-interest bearing currency into the markets of New York and other eastern cities, to be employed deleteriously in speculation which would advance the price of every article needed daily by the government and the people, the banks throughout the country would retain in their own vaults almost every dollar that they were not using in

their business in these legal tender interest bearing notes. Even savings banks, insurance companies, merchants having idle capital, farmers, the soldier who sent back a part of his pay to his family, would understand that so long as they would retain these interest bearing notes they would get interest on them and that at any moment they could be paid out at par or at an advance upon their face value equal to the accumulated interest, or could be funded with the accumulated interest into the gold bearing bonds of the nation.

“The interest bearing feature, I argued, would entirely eradicate fear as to a decline in the value of these notes, at the same time offering great inducements after they had been circulated for a few months for hoarding them and holding them as investments. They would perform all the offices of circulation and of a funded loan, while checking the troublesome accumulation of deposits in the great money centres. The army could be paid promptly every month with these notes; all purchases by quartermasters would be made upon a cash and immediate payment basis; the credit of the nation would be strengthened by these prompt payments and a great saving would be effected. Altogether I felt assured that the adoption of such a measure would produce very beneficial results.

“When I appeared before the Committee on Ways and Means Mr. Thaddeus Stevens, Chairman, exclaimed, ‘Mr. Cooke, do you really believe in this new plan of finance?’ I felt that in replying I was stating a great truth and making a vastly important announcement, and said, raising myself to my full height and pointing toward Heaven: ‘In the name of God I be-

lieve every word that I have promised will be fulfilled if this bill is enacted into a law.' I then briefly explained my theory. I compared the Treasury of the United States to a great ocean. The clouds were the paymasters, moving from the ocean over every part of the land, dropping here and there and everywhere the moisture received and accumulated from the ocean whence they had started, and whither the water gradually returned. The value of this kind of rainfall was not greater than the value of my financial plan. This very feature attached to a legal tender note, namely its interest bearing character, would cause it to flow onward by a process of funding into permanent gold bearing bonds through springs, rivulets, lakes and rivers until again deposited in the Treasury, as naturally and certainly as the water returned to the sea. There could be no such catastrophe as was frequently produced by an undue and extraordinary downpour of rain, *i. e.*, greenbacks, which might from an inequality of disbursement produce evil through floods, or by stagnating in immense morasses and swamps (New York and other Eastern cities) there to create miasma, fever, nightmare and every imaginable evil. The ordinary greenback possessed no principle that would inevitably restrain it from this accumulating in such reservoirs as would be stagnant and deleterious, whereas the interest bearing legal tender note would be influenced continually by a drawing power that inevitably, but naturally, drew it gently down the mountain, and through the valley, and back again to the great ocean whence it had originally come, *viz.*: the Treasury of the United States."

Mr. Cooke's impressive figure of speech did not con-

vert the members of the Committee on Ways and Means. On January 10th Henry Cooke thought that Congress was "waking up" to a fear of "the results of an indefinite expansion of the currency." But he was without hope for the House, his dependence resting upon the Senate, where were Sherman and Fessenden who would not be "carried away by the prevailing legal tender epidemic." Nevertheless he was attacking the members and arguing with them on the subject at every opportunity. "The two points I urge," said he, "are first against any considerable issue of legal tenders without interest, and second against making the interest over 3.65. The 5.47 is too much."

On January 23d he wrote, "in the strictest confidence," that the Committee on Ways and Means had just had a meeting to discuss the propriety of making Jay Cooke's bill a substitute for theirs. But Hooper, a member of much influence, was "cross and determined" and the scale was completely turned by his course. "He read in the Committee a letter from 'an eminent Boston financier,' whose name he did not give, in which it was declared that 'Jay Cooke was running the Treasury machine for Chase,' with other stuff of like import, sneering and ill-natured. Stevens who was urging your bill took no notice of this low insinuation, passing it by with silent contempt; nor did it produce any effect upon the Committee, as I am assured by my informant, but it was finally understood that they would continue the vote and discussion on the bill before the House, and that at the proper time Stevens would introduce your bill as an amendment to the whole bill. This will bring our project fairly before the House and should it decide ad-

versely it will be in proper shape for the consideration of the Senate."

At first Mr. Chase seemed to favor Jay Cooke's scheme and assured Henry Cooke that it would enjoy his support, but Hooper, Spaulding and Morrill of the Committee called upon the Secretary and converted him to their views. Thereafter he thought that the Cooke bill did not "stand any chance," although he was reminded of Sherman's positive declaration that the Committee's would not pass the Senate. Chase seems honestly to have believed that the Hooper plan allowed him so much latitude that he could exercise his own choice afterward. The news that the Secretary had endorsed their bill was industriously circulated by the leaders of the Committee on Ways and Means and this *coup* told heavily against the Cooke amendment in charge of Mr. Stevens. While in Washington on January 21, 1863, after seeing Stevens and other members of the Ways and Means Committee, the financier wrote the Secretary of the Treasury:

You see it [Hooper saying that his bill was approved by Chase] creates confusion and I am going to back out. It grieves me greatly. Oh, if you would only assume my plan, and call the Committee together, and urge it, it would pass at once and give the death blow to the financial enemies of our country. I solemnly assert in the sight of my Heavenly Father that all the plans of the Committee are absolutely ruinous and will prolong and extend, an hundred fold perhaps, the evils of the present hour. The plan that I propose will cure all those evils and place the credit and finances of our country on an independent basis, elevate our credit higher than ever before since the commencement of the war, and enable you to cut loose from all the annoyances of banks and bankers. I assert this with equal solemnity, and God be the judge that I have worked hard to do my

duty to my country. The responsibility rests with you. I am assured that all look up to you for guidance and will adopt your views if insisted upon. . . . If the 3.65 plan could be adopted at once all would then be free for the bank bill. I would gladly give my time and energies towards putting it through, and will do so in any case, but I candidly confess that I consider at this terrible crisis that the first thing in importance is to stay the flood of non-interest bearing legal tenders and the downward tendency of the public credit.

Chase replied to this letter on the same day, January 21, 1863, plainly saying that he thought the Hooper bill would suffice. "I have no objection to adopting your plan just as you stated it," he added, "and believe that all its effects would be good. You mistake, however, in thinking that I have much influence with the committees. I have tried very hard to get them to adopt some ideas, which seem to me too plain to require urging, and yet I have failed of success." Henry Cooke wrote an article explaining the differences between the two bills for Forney's *Washington Chronicle* wherein was very clearly set forth the advantages of his brother's plan. He said:

The Committee's bill proposes still further to inflate the currency and to aggravate the evils that have already followed in the train of such inflation by the issue of \$300,000,000 more of non-interest bearing legal tender notes. The experience of the past year has demonstrated that such an increase of these notes must produce the most disastrous results. . . . Paper money is in such abundance that gold is withdrawn from circulation. It becomes an article of merchandise and speculation. As paper money increases gold goes up in price until it has reached 49% premium. Now, if upon an increase of \$300,000,000 of paper issues it takes three dollars of paper to buy two dollars of gold, does it not follow logically that a further increase

of \$300,000,000 of paper will produce a proportionate decline in the value of the latter as compared with gold, or in other words that it will require two dollars of bank or government "promises to pay" to buy one dollar of gold? . . . Why should we follow thus blindly in the footsteps of the reckless financiers of the Southern Confederacy? . . . Mr. Stevens's bill differs from that of the Committee in this: It makes all the notes to be issued by the Treasury a legal tender for private as well as public dues, redeemable at the pleasure of the government; and all bearing a moderate rate of interest — a rate which the government can afford to pay yet which being lower than that upon the twenty year bonds offers an inducement to fund the notes into bonds. . . . The 3.65 interest bearing legal tender note . . . will infuse new confidence in the government; it will save the Treasury more than three and a half million dollars in interest as compared with six per cent. Treasury notes and perhaps fifty million more in preventing inflations of values of all articles purchased to carry on the war; and above all the moment it is paid out by the government to its creditor, it becomes a negotiated loan bearing a moderate rate of interest and distributed among all classes of citizens and in all sections alike — a loan which the loyal as well as the disloyal will be compelled to carry, and which will yet be oppressive to neither.

Stevens fought his way with the bill inch by inch, but on the final vote there were only 37 members for and 93 against the Jay Cooke amendment or substitute. The original Committee bill was then passed almost unanimously. It called for a loan of \$300,000,000 for the current fiscal year and \$600,000,000 for the next year ending June 30, 1864, the bonds being payable in twenty years in coin. The interest which was to be at a rate not exceeding six per cent. was also made payable in coin. Furthermore the bill authorized an emission of \$400,000,000 of Treasury notes payable at periods not exceeding three years and bearing interest at a rate not

in excess of six per cent. in coin; \$300,000,000 of greenbacks and \$50,000,000 of fractional currency.

As Henry Cooke anticipated the Senate Finance Committee made several important modifications in the measure which had passed the House. These changes, said the Philadelphia *Inquirer*,¹ "lead us to believe that we still have left statesmen worthy of the name." The bonds were made payable at the option of the government after ten years and must be redeemed after forty years from the date of issue, for which reason they at once came to be known as ten-forty bonds. This was a point upon which Jay Cooke had not insisted, although he was decided in his opinion that they should not be sold, or offered for sale, at less than par. The Senate retained the House bill provision that they should be disposed of upon such terms as might be deemed "advisable." An important change made the rate of interest on the \$400,000,000 Treasury notes six per cent. in "lawful money" instead of in coin, which taking into account the premium on gold might be held to be about equal to Mr. Cooke's 3.65 per cent. These notes were to be sold on the best obtainable terms or paid to creditors of the United States at par in discharge of current debts. They were made a legal tender and might be exchanged for greenbacks. The Senate furthermore reduced the new issue of non-interest bearing greenbacks of which Jay Cooke would have had none from \$300,000,000 to \$150,000,000, plus such amount (not exceeding \$150,000,000 more) as might be issued to redeem the new Treasury notes.

The greenbacks were "for the payment of the army

¹ February 6, 1863.

and navy and other creditors of the government" if required by the exigencies of the public service. Already Congress in its haste on January 17, 1863, had by joint resolution authorized \$100,000,000 of greenbacks to pay the arrearages of the army and the new grant of \$150,000,000 was made to include this issue.

It may be guessed that Jay Cooke was not greatly pleased with this law and never became a large factor in negotiating the loans authorized by it. No one indeed succeeded in making it of great value to the country. It has been said of this act that it covered more subjects and clothed the Secretary of the Treasury with greater discretionary powers than any financial measure ever passed by Congress.¹ It was foredoomed to fail, but Mr. Cooke never sulked and he would have loyally done all in his power to float this \$900,000,000 loan, if he had been commissioned for the service, and better means of providing revenues for the government had not offered. He chose, however, to devote his energies instead to the sale of the five-twenty bonds and the organization of national banks.

There was still no suspicion of the large amounts of money—sufficient to carry on the war for several months—which would flow into the Treasury from his great operations in the five-twenties. When the large and steady in-sweep from this source began the plans for placing the ten-forties were delayed and the expedients of the new law were not resorted to in any systematic way until the \$500,000,000 loan was closed. Mr. Chase told Henry Cooke that he would pass from one loan to the other with the Treasury notes which he was authorized

¹ Spaulding's *History of Legal Tender Paper Money*, p. 167.

to sell by the law creating the ten-forties, and which Jay Cooke would have had bear interest at 3.65 per cent. in coin. Congress had fixed the rate at "not exceeding" six per cent. in paper and Secretary Chase offered them at five per cent. His first sale of these notes was made in the autumn of 1863, the amount being \$50,000,000. The five-twenties prior to the autumn elections were going off rather indifferently, largely as we have seen because of Secretary Chase's unwillingness to take a decided stand, or even to keep his promises regarding the payment of the commissions to his agents. He now allowed it to be understood that the income received through Jay Cooke was inadequate for all the purposes of the war; wherefore he would make a supplementary negotiation. Writing in September, 1863, in reference to the proposed \$50,000,000 issue of Treasury notes Henry Cooke said: "The money is principally wanted to keep up promptly the payment of the army which is the first care of the government, as it ought to be." The amount was apportioned among the three large eastern cities and on September 4th Mr. Chase announced that Philadelphia had already responded to the demand for her proportion, that New York had partially responded and that the banks of Boston wished the time extended to November. In December the first Treasury notes of this lot were not yet in the hands of the banks, and nothing of effective value was done toward the distribution of this temporary loan until Jay Cooke was enlisted in the service.

Through the five-twenty operation his prestige as a financier was by this time enormous, although his foes in New York were actively endeavoring to undermine

his position. They went so far as to appoint a committee with Edward Haight, formerly in Congress but at this time an officer of the Bank of the Commonwealth, at its head to go to Washington bearing false witness against Mr. Cooke. Chase was now offering \$35,000,000 more of the five per cent. Treasury notes. On January 4, 1864, Henry Cooke wrote his brother as follows:

I was detained so long with the Secretary that I must write briefly to catch the mail. He is firm and positive in his determination to have the thirty-five millions negotiated by you and the national banks and is indignant at the presumption of the New York banks in dictating to him. Field [Maunsell F. Field, a new Assistant Secretary of the Treasury] tells me that he considers it very fortunate that the committee were not present at the interview between Haight and the Secretary, for the latter was very mad and did not measure words. As Haight was an old personal friend he took no offense, but seemed to be perfectly satisfied with the Secretary's view of the case, and telegraphed the rest of the committee not to come over. In my interview with the Governor he told me all that passed. In brief it was as follows: Haight had not gotten half through with his newspaper extracts, etc., when the Governor stopped him, saying he wanted to hear no more such stuff; that he was responsible to Congress and the people and not to the New York banks, or the newspapers; that he had done what he thought was right and he was more than ever convinced now that he was right, etc., etc. He then told Haight that when he negotiated the first \$50,000,000 with the New York banks last September a great hue and cry was raised about its upsetting the money market, etc., and that now he had thought it best to let all the negotiations run through one channel, so there could be no playing at cross purposes. He should scrupulously abstain from any policy that would do any damage to the banks, but he thought the national banks and the takers of the 5-20

loan, whether banks or patriotic capitalists, deserved the same chance at the Treasury notes that the old banks had had, and he meant they should have it and so on. The Governor told me to say to you that he depended on you and our national banks to put the thing through, and that he hoped you would not trouble yourself about making any further explanations to the old banks, for they did not deserve them.

The Treasury received during the fiscal year ending June 30, 1864, from the sale of Treasury notes authorized by the act of March 3, 1863, the following sums:

One year five per cent. notes.....	\$ 44,520,000
Two year five per cent. notes.....	166,480,000
Three year six per cent. compound interest bearing notes	17,250,000
	\$228,250,000

While Mr. Cooke was prominently engaged in the work of placing these notes he did not come to favor the policy.¹ He wrote in after years in his Memoirs, as he looked back at this series of operations: "I am sorry to record that the purpose of the bill was entirely frustrated by the dilatory action of Mr. Chase and by his unaccountable failure to appreciate the plan proposed by me. The very plan of the issues, namely that they

¹ Mr. Cooke firmly held to his idea that they should be paid out directly to discharge government debt, and freely criticized Chase's negotiations with the banks. He wished the notes to replace the quartermaster's vouchers, which were bandied about in bankers' counting rooms at a discount, and other troublesome forms of paper and scrip. At the end of a letter on January 16, 1864, Mr. Cooke wrote to the Secretary of the Treasury as follows:

"I will add with equal frankness that so far as my knowledge extends and my observations go your objections to disbursing at all times freely and fully to the entire extent of your need the new five per cent. Treasury notes seems inexplicable. I trust that the attempts to misuse them in New York will not be successful in biasing your own mind. The great point is to get them into the hands of the people, the soldiers, etc., especially of

should be paid out by the government through the quartermasters and by the army paymasters and that no interest should be payable until three years had passed was demolished, and through the influences brought to bear upon Mr. Chase these Treasury notes when printed had coupons attached to them maturing every six months very much in the form of the later seven-thirties. This was not at all my idea of the character of these issues for the reason that at the end of each six months the debt would become nothing more than an ordinary greenback for the time being, and the mischief arising by the inflation of the currency would be productive of evil, while the funded character of the issue as well as many of the inducements to fund into long gold bearing bonds were done away with. It was a fatal mistake and all my plans in reference to this grand scheme came to naught. I estimate that some hundreds of millions were lost to the country, and that the war was prolonged at least a year, by the failure to issue these interest bearing legal tender notes in the manner proposed by me."

Another *ad interim* expedient of the Treasury Department was the attempt to increase the amount of the outstanding 81s. The seven-thirties of 1861 having three years to run were falling due in 1864 and as they

the great west. I am aware of your oft-expressed decision not to disburse them, but you will not care if I still entreat you to change your mind on this subject. Occasionally and until some interest has accumulated they may be used as a medium of circulation in a stringent money market, but this effect is but trifling as compared with their power to absorb the surplus and mischievous excess of currency. . . . Please try paying them out direct to the contractors, and especially in the west and south, and the small ones to the soldiers. Be assured they will soon settle down and be absorbed as loans."

matured they were quietly and rapidly exchanged for six per cents. payable in 1881. Notwithstanding this movement they were selling at a premium and without crossing the wide limits allowed him by the law of March 3, 1863, the Secretary of the Treasury conceived that he might make a new issue. The "new 81s" were disposed of at their market price and Chase received \$42,000,000 from this source in the fiscal year 1864. The bonds were sold at a premium averaging more than four per cent., a very advantageous operation for the government.¹

The ten-forty loan, properly considered, was still to all practical purposes unsalable. The bonds authorized by the law were held in reserve until the five-twenties were distributed, and it was generally assumed that Jay Cooke would then undertake to float this large issue. He was by no means eager to perform a task which was made troublesome by Congress and still more so by Secretary Chase who in the exercise of his large discretionary powers fixed the rate of interest at five per cent.² To sell a five per cent. loan after having accustomed the popular taste to six per cent. was obviously not easy.³ Mr. Chase told Henry Cooke repeatedly that

¹ The expiring grants of the law of March 3, 1863, were continued by the supplementary laws of March 3 and June 30, 1864. The issue of ten-forties was limited to \$200,000,000 and the new 81s to \$75,000,000.

² "He [Chase] contends that the absolute 'payable in coin' of the ten-forties in connection with their value as a banking basis makes them as good as 5-20s."—Fahn. to J. C., July 7, 1864.

³ "When the last of these bonds were sold in 1864, the Secretary ought to have put the ten-forties on the market and offered the same rate of interest. If he had they would have been eagerly taken for they ran ten years instead of five, before the government could redeem them, and were therefore a better bond for the people to buy. Had he done so all the money needed would have been easily obtained. Instead of pursuing this

the machinery created for the sale of the five-twenty loan would be used for the distribution of the ten-forties. But he did not urge the enterprise upon the Secretary for he did not think it "advisable to begin selling that loan until the Department had at least 100 millions printed and on hand, so that there could be no hitch or delay in deliveries, as was the case with the five-twenty loan."¹

Jay Cooke had very definite ideas as to the course which should be pursued at this time as in all other financial emergencies. He urged Mr. Chase to close out the 5-20 loan "with *éclat*," at once sending it to a premium. That operation would be exhausting and for thirty days at least the Secretary should endeavor to meet his wants with Treasury notes when he could safely begin to offer the 10-40s.²

In this new operation Mr. Cooke repeatedly urged the Secretary to look to the sub-treasuries and the national banks. "I don't wonder that after your experience with the five-twenties you don't want to do up the ten-forties," wrote his friend Messersmith, "but I don't believe they will go unless you take hold."

Mr. Cooke had long conferences with the Secretary of the Treasury concerning the new loan in which he as usual was rather intractable. He was unwilling to go forward without a final consultation. On March obvious policy, Secretary Chase, without taking advice, and contrary to the opinion of the wisest men of the time, boldly determined to try an experiment. Though he had now been at the head of the Treasury Department more than two years, he had learned but little and was just as unwilling as ever to listen to an adviser."—Bolles's *Financial History of the U. S. 1861-1885*, p. 104.

¹ His letter to Jay Cooke of Feb. 12, 1864.

² J. C. to Chase, Jan. 16, 1864.

10th Henry Cooke wrote: "The Governor is very anxious to see you before making his arrangements for the sale of the ten-forty loan. Being governed by your repeated expressions of opinion, verbally and written, I have favored the plan of committing the negotiation to the national banks. He has about concluded to do so but will determine upon nothing positive until he has a full and satisfactory talk over the whole matter with you."

Mr. Cooke's visit "cheered him up and did him good generally," wrote Henry Cooke on March 19th. Chase telegraphed directly to the financier again and again in March and April asking him to come to Washington¹ for conferences. Never before had the Secretary taken anyone so closely to his heart as in this time of difficulty when the banker was almost constantly in motion between Philadelphia and Washington, and Philadelphia and New York on confidential missions to sustain the credit of the government, going back and forth as he himself said "like a shuttlecock."

Many of Jay Cooke's five-twenty agents were eager to have a hand in the ten-forty operation. I. H. Rhorer of Louisville, Ky., wrote: "As the government never before effected so cheaply and safely to itself and so conveniently to the people an operation of such magnitude as your sale and distribution of the five-twenties, I presume the new loan will also go out through your hands; in which event I respectfully ask to be continued your agent at this place and to be furnished as soon as it may be convenient such facts regarding the bonds as may enable me to advertise." Preston, Willard and Kean of Chicago wished an exclusive agency for the

¹ MS. Records of Treasury Department.

Northwest. Fisk and Hatch, Mr. Cooke's faithful New York agents, wrote on March 25, 1864:

Cisco and the First National Bank commenced receiving subscriptions for ten-forties to-day, allowing no commission. A good many of our customers have been in to see if we were taking subscriptions and most of the bankers and bank officers say that if the loan is to be sold through the sub-treasuries and national banks only, and no commission is to be allowed they won't bother with it. Most of the men who frequent our office, comprising many of the best and most prominent bankers and bank officers in this city, New York State and New England, are very emphatic in the expression of the opinion that the true way and probably the only effective way to sell the loan is through the old five-twenty agencies. We hear this a hundred times a day and it is our candid opinion that the public interest in the loan will be very much less if the people do not find it offered to them through the old channels, for though we say it who perhaps should not, the fact cannot be wiped out that the old five-twenty agencies are very popular institutions.

But Mr. Cooke did not undertake the work, although he loyally supported the operation. On April 11, 1864, he wrote to Chase concerning a statement which had been made indicating his disappointment because the loan had not been committed to his care:

How he ever obtained an idea that I wished the loan again in my hands I am at a loss to know. He ought to know that I never say one thing and mean another. I would not on any other consideration than absolute duty undertake such a task again. I am only too happy to be free once more and also happy that I may be useful in helping on the 10-40 loan as I shall do in every possible way, both by keeping its interests constantly before my mind and by urging all within my influence to engage in its sale.

Again there was much annoyance concerning the question of commissions. It was provided that an al-

lowance of one-fourth should be made to national banks upon their bond sales, one-tenth to cover necessary expenses (one-half of one-tenth for advertisements) which left three-twentieths net. Thus upon a \$1,000 bond the gross commission was \$2.50 of which \$1 must be expended (50 cents in advertisements) leaving \$1.50 to reward the distributor. The sub-treasurers were early authorized to allow one-eighth discount upon their sales and the national banks of the East, being obliged to follow the example, had very little remaining to pay them for their trouble and risk. This was as Mr. Chase desired it to be, and Mr. Cooke supported him in his experiments of employing the banks which were created with the thought that they would become useful fiscal agents of the government. They owed much to the nation and it was but just that they should render it a service in return. Outside agents, such as Jay Cooke and Company's Philadelphia and Washington houses, were to act on the same terms as the national banks and a competition began in which commissions were shaded and re-shaded very delicately.

The general subsidization of the press was continued, but necessarily on a smaller scale than before because of the scattered way in which it must be done and the trifling amount set aside to meet advertising charges. Mr. Cooke directed some of the Secretary's experiments in this field. On May 4, 1864, W. B. Shattuck, a New York advertising agent, said that he had made a second draft of \$5,000 on the First National Bank of Washington to be charged to the advertising account of the forties.¹ He wrote: "I have sent the advertisements

¹ "I have set apart \$10,000 for immediate expenses, intending to quad-

and editorial articles to not less than 1,800 papers. It will require two or three weeks to get the full effect, but I think it is already beginning to tell. The editorials are coming in splendidly."

William Evans, Mr. Cooke's London agent, who was asked to give an opinion as to the feasibility of selling the bonds in the English market was a good pupil. He was well convinced of the value of the newspaper as an aid to bond-selling and said: "It is imperative in order to create a public feeling in favor of the bonds to expend a certain amount in obtaining the influence of the press throughout the country. It is lamentable to say it," he continued with some lingering notions about the patriotic impulses by which editors should be guided, "but it is absolutely necessary. If we could obtain the active aid of the leading journals we should soon have a furore in your securities."

Neither at home nor abroad did the ten-forties gain many friends. In April, 1864, John Wills wrote to Jay Cooke from Baltimore:

The new ten-forty goes slowly here and simply because it has not been rightly put upon the market. The people have gotten so accustomed to your mode of distributing loans that they can scarcely be brought to anything else.

A Baltimore paper remarked:

We are not advised of any subscriptions in this city worth speaking of to the new ten-forty loan recently offered for sale. There appears to be no fixed or permanent mode adopted by which it is or will be brought, like the celebrated and popular five-twenty loan, within easy, convenient and familiar reach of the great masses. It should be the policy of our government ruple that amount if I find that it can be properly employed."— Chase to Cooke, Apr. 8, 1864.

with these bonds as with the five-twenties, in order to secure full confidence and reap a permanent advantage from their sale, to have them sold broadcast among the people, thus making the burden not only a light one in the aggregate, and easy to be borne, but one which must fix still stronger the combined interests of all good patriots.

A writer in the *Evening Telegraph* of Philadelphia said:

We do not think that the plan of taking subscriptions to the new loan of 10-40 at the rate of interest at which it is put upon the market, is wisely done or maturely thought over. Jay Cooke & Co., by their wide-spread business relations, the prestige which is attached to them from their success with the 5-20 loan, and the indomitable energy which characterizes the head of that house, would have secured ten millions where the present mode will secure one. To be sure, we do not believe that so sagacious a man as Mr. Cooke would have advised a 5 per cent. loan at all, and we can only wonder what pernicious influence has induced the head of the Treasury to try it.

Every man who holds a thousand dollars' worth of greenbacks will reason in this wise:— Why, a month or so ago I could have invested this thousand dollars with the government, and would have received *sixty* dollars per annum in gold as interest; *now* all the government is willing to allow me is *fifty* dollars. Have these greenbacks depreciated in the estimation of the government itself? I must look to this, and try some other investment.

It was soon made clear to the country that the ten-forties could not be sold rapidly enough to pay the expenses of the war, as it was being conducted in 1864, even with large supplementary issues of Treasury notes. Mr. Cooke, whose advice was so little valued by Congress when it passed the loan bill, if he had been of this disposition might have laid the blame at the proper door. In order to establish the depository system in connection

with the new national banks Mr. Chase had locked up about \$30,000,000. In May, 1864, he had "some 150 depositories all over creation," Fahnestock complained, "instead of having only a few at points where they are needed." The want of this sum seriously embarrassed the Treasury and as Fahnestock wrote on May 20th from Cooke's Washington office, the ten-forties were not going "half fast enough over the way to make even reasonably prompt payments without more circulating notes." It was alleged of the Department that it did not keep in stock a full assortment of bonds, that it risked its shipments in the mails instead of committing them to the care of the express companies, and again that it was dilatory in making its deliveries to purchasers.

Mr. Cooke's great financial fame and wide connections led to rather large sales through his houses, and the early appeals for subscriptions were moderately effective. From March 26th when the instructions were issued to the national banks, to May 7th, \$44,606,100 of the bonds were sold¹ and on June 30th, at the end of the fiscal year, \$73,337,186 had been distributed. But for the quarter ending September, 1864, the loan yielded less than seven millions. In December when the total was nearing \$100,000,000 it was believed that the Secretary would close it for that amount. On December 16th, John A. Stewart who had succeeded John J. Cisco as Assistant Treasurer at New York wrote to Jay Cooke:

"If Mr. Fessenden should stop the subscriptions for 10-40s to-morrow, provided the amount is made up to

¹ From Department advertisements.

one hundred millions what do you want? Let me know by telegraph. The balance required is supposed to be about 17,000,000 and I can get it in fifteen minutes."

Indeed the outlook was so much more hopeful that the Secretary determined to stop at a specified date, January 7, 1865, instead of at the completion of the sale of any certain number of millions. John Thompson and other New York bankers went to Washington to urge this action and there was a marked flurry at the end. The bonds were bought largely by banks which were about to organize under the national system, as in New England, where they were coming over "in a body."¹ Bankers and brokers also laid in abundant stores expecting a rise in their value after the public was assured that no more would be issued. The announcement that the loan was soon to be closed came while the "Tycoon" was in Sandusky, but his Philadelphia managers prepared a circular urging investors to embrace their last opportunity. The subscriptions on January 4th had reached a total of 117 millions. From all sources the returns aggregated several millions of dollars daily, and on the closing day the total was pushed up to about \$135,000,000, some orders being entered in the next week as of previous date. It is true that this was not a very great yield for a \$900,000,000 loan, but it was so much larger than it at one time promised to be that there was ground for congratulation. The feeling was not immediately shared by the subscribers for, instead of rising buoyantly like the five-twenties, the market was lifeless, and the bankers who had taken large amounts of the bonds for gradual distribution at an advance were

¹ H. D. C. to J. C., December 19, 1864.

doomed to disappointment. In a short time the loan was quoted below par and it was not until Mr. Cooke was made the agent for the sale of the seven-thirties at the end of the month that they showed signs of reviving credit.

This loan had dragged and practically failed because it bore five instead of six per cent. interest, blame for which arrangement is largely to be laid at Secretary Chase's door; because it was not placed in Mr. Cooke's hands as the five-twenty loan had been, since by him "the negotiation of the ten-forties even at a lesser rate of interest, might have made a success equally rapid and brilliant;"¹ and finally because of the general depression and disorder on the military field, in the stock markets and in the minds of the people. Gold was steadily advancing as the war was protracted and the government issued increasing amounts of paper money. The state banks were still swelling the flood with their emissions and for the time being a feeling of distrust was again uppermost. The sanguine spirit which had prevailed at the close of the year 1863 and the beginning of 1864, when the five-twenty loan was being taken with so much avidity, had given place to very different sentiments. The strong guiding hand of Mr. Cooke no longer dominated the stock exchange and the newspaper press. The unhappy state of the country was reflected in the New York Gold Room, the barometer by which the financial weather was rather accurately gauged. Mr. Cooke was particularly active in discouraging the spirit of speculation. He embraced every opportunity to attack those who sought to profit by the traffic in gold.

¹ Schuckers, p. 349.

In his Memoirs he speaks of this disorder and his part in trying to suppress it as follows:

“The city of New York, whilst containing, during war times, many noble and patriotic citizens and institutions, was undeniably the centre and very hotbed of Southern sentiment and scheming. Being filled with foreigners and the great place of rendezvous of the secret emissaries of the South and disloyal politicians, it became the centre of speculation in gold and every species of material and produce which could be turned into gold by trans-shipment abroad. This speculation and the rise in the price of specie were so persistent and continuous that even many good citizens thoughtlessly entered the trade and thus contributed to the depreciation of our bonds and currency, and to the increase of the cost of living of our soldiers and their families. The editors I employed were instructed to make constant warfare upon this speculative disposition and to portray the want of patriotism of those engaged in it. Articles were constantly written and published revealing the effect of such speculation, and calling upon all good citizens to refrain from engaging therein. The result of these efforts was of course important and in consequence of the articles many refrained from indulgence in so tempting a field of speculation. I asked Mr. Wilkeson, one of my editorial writers, to give particular attention to this subject.

“On one occasion an old friend, a manufacturer, who had made vast sums out of his army contracts came into my office and asked to see me. He was a German and I had known him for over twenty-five years during which time he had struggled from poverty to riches.

Once having failed and lost all his accumulations a few of us held a meeting in his behalf. Having examined into his condition he, through our influence, obtained an extension from his creditors and during the early periods of the war he had paid off every dollar of his old debts and collected fully a half million dollars of capital. Under these circumstances, having heard that he was expressing doubts as to his country's stability, while purchasing large amounts of gold which he was hoarding up, I felt that I had a right to endeavor to induce him to change his course. His first question was: 'Mister Cooke, vat you tink of gold?' 'Mr. B.,' I said, 'I want to have a talk with you. I have heard that you, my good old friend, have become a Copperhead, and an enemy of your country, and a robber of the soldiers of their little pittance, bringing starvation to their wives and children at home.'

"Mr. B. expressed astonishment at such an attack but upon my reminding him that he was one of the worst enemies we had to contend with, namely a gold speculator, and giving him illustrations of the effect of his action he became convinced that it was wrong for him, who had no use for gold in his business, to make any such purchases, or hold or profit by that which he would withdraw from the market. I showed him that for the purpose of gaining a few thousand dollars which would come to him through the misfortunes of the country he was daily stabbing that country, and assisting its worst foes by breaking down our financial credit. Above all it was making him a disloyal man, for I had myself heard him express the sentiment 'dat we could not vip dem repels.' His friends had told me of other symp-

toms of disloyalty produced by this petty and wicked dealing in gold. On every occasion when our armies had met a reverse, and gold had advanced several points in consequence, he of all his neighbors was cheerful and buoyant and chuckled over the fact that he made a few thousand dollars by the rising of gold; and on every occasion when our armies had been successful, having perhaps won some great victory and all our people were rejoicing, and gold had rapidly dropped several points, he of all his neighbors was gloomy and depressed, and not in the mood in which a loyal and patriotic man should have been. I have reason to believe that he sold his gold and placed every dollar of the proceeds in government bonds, as I had advised him to do. This anecdote with many of a similar character,¹ Mr. Wilkeson

1 One of these incidents was described in the newspapers as follows:

"An honest Schuylkill County German merchant who had been prospered and had accumulated more money than he could employ as capital in his business came to a patriotic banker in Philadelphia and said:

"'I haf got some moneys and I vant you to buy some golt mit it.'

"'Why Schultz, what do you want gold for?' responded Mr. Cooke. 'That isn't a thing you sell in your store.'

"'Dat I know, but I vant to make some moneys on de rise. Peebles says it is going oop and I can make a tousand tollars, I tink.'

"'Schultz, you dear old fellow, don't you know that if you buy gold you will be a rebel?' said the banker.

"'Nein!' said Schultz, emphatically, in a tone of resentment. 'I be no repel.'

"'Suppose you buy \$10,000 of gold,' Mr. Cooke continued; 'suppose that some morning you read in the papers in big letters "Terrible disaster to the Union cause. Grant's army routed and destroyed. The rebels marching on Washington."'

"'I should say dat was tam pad news,' interrupted the German excitedly.

"'Yes, but wouldn't you say right off, "This, however, will put gold up. Bad for the Union but it is good for my ten thousand." Don't you see, Schultz, that in buying gold you instantly make the interests of the rebels your interests, that you bribe yourself to wish them to succeed and to

caused to be published in the New York, Philadelphia and other newspapers and I have no doubt that the influence thereof effectually deterred many others from speculating in gold.

“A similar anecdote was also published by Mr. Wilkeson concerning an interview I had one day with the president of the Gold Board of Philadelphia. He was also a German and came to see me on business, when I seized the opportunity to lecture him, telling him how disloyal was the work in which he was engaged and that I had never known him to sell a government bond or recommend one to his customers. I appealed to him to open his office to the traffic in government bonds, gave him an assortment of circulars and cards for his windows, etc., and soon had the satisfaction of receiving large subscriptions through his influence.”

Being a very practical man Mr. Cooke believed in practical methods. It was his wish to confront the “bulls” on gold and the “bears” on their country in their own arena and, with Mr. Chase to support him in his operations he several times very effectively directed campaigns that left the market in a very much more wholesome state when he retired from it. Gold which was sold at 133 at the end of 1862 was quoted at 151 on

wish your country and your countrymen to fail. And if these unholy desires, Schultz, don't define a rebel there is no language to define one. Don't you see that buying gold inevitably turns honest, patriotic, devoted men like you away from the cause which they ought to support, and which they think they do support, but which they cannot support because they have made it for their interest not to support it. Don't you see it, dear old fellow?’

“‘Be sure I do,’ said the simple-hearted man with humility and honest gravity. ‘Put all of dat in seven-tirties. Mein money goes mit mein principles.’”

the last day of 1863, after having reached 172 in February, 1863, its maximum price for the year.

The high wave of disorder made its appearance in the summer of 1864. Already in March of that year there were premonitions of the great rise and legal steps were taken to discourage, if not to prevent the speculation. On the eighth of that month Henry Cooke wrote to his brother Jay as follows:

Governor C. is getting very anxious about the continued advance in gold and is determined to stop it if possible. He is at last thoroughly worked up on the subject. Your despatches received. Be assured we are doing all in our power to procure the passage of a good gold law, and the prospect of success grows better daily, and now that the Secretary has taken hold of the matter earnestly I hope for the best results.

On the same day Jay wrote to Henry Cooke:

Gold 64½ to-day. Don't fail to see that bill passed at once as it was originally intended, viz., giving Gov. C. full power to sell as he pleases at any time and in any way. If this power was given to me I would agree to forfeit a million dollars if I failed to put down gold to 33 and keep it about that for a year steady as a clock. Unless this is done gold will surely go to 200 and a great panic ensue. . . . Hold the whip over these speculators and they will be entirely driven from the market.

The first movement was a joint resolution of Congress which was passed on March 17th authorizing the Secretary of the Treasury from time to time "to anticipate the payment of interest on the public debt by a period not exceeding one year" and to "dispose of any gold in the Treasury of the United States not necessary" for this purpose. In plain terms Mr. Chase could now sell in open market coin paid to the government through

the custom houses, its only source of specie income. Even while Congress was at work giving the bill its last touches the gold jobbers raised the premium from 60 to 69. Mr. Chase himself seems to have had some previous misgivings as to the real value of the policy so warmly recommended to him, although he was repeatedly urged to an exercise of his powers.¹ On March 22, 1864, Fahnestock had learned in Washington and wrote Jay Cooke that "Clark, Dodge and Company as one of many loyal and substantial houses were ready and willing to buy a million of gold at sixty any day the Secretary, or anybody else would sell and that any reasonable amount he could put in the market would be thus immediately absorbed. He [Fahnestock's informant, a New York banker] attributes the advance in the face of the passage of the bill to the necessities of the 'shorts,' who on account of the great scarcity on the street and the magnitude of their transactions are obliged to buy from day to day."

Chase was "much perplexed," Mr. Cooke was advised in another letter, though he was "willing and anxious to exercise his powers in the wisest way." He consulted John J. Cisco and other New York counsellors and finally, in April, when gold rose above 175, which was fixed in the popular mind as the point beyond which great danger lay, he visited New York. Jay Cooke was also in the city and Chase sent for him to come to Cisco's office, where they formulated a plan of procedure. This seems to have been April 14, 1864.² "I had my orders," the banker wrote victoriously in a "private" let-

¹ Schuckers, p. 358.

² *Ibid.*

ter to his brother Henry on that day, "and you can see results of the first day's work. It opened at 89 and closes offered at 74½. I sold about two millions, all deliverable to-morrow. If Thompson [Jay Cooke and Company's code word for the Secretary of the Treasury] is firm they will squeal before Saturday night." Mr. Cooke tells of the adventure in his Memoirs:

"The gold speculators and the enemies of the North had boldly proclaimed that gold, then about 170 [*i. e.*, \$70 premium. Price and premium are used indiscriminately] would soon rise to 500 and 'Old Chase's greenbacks,' would become as worthless as Confederate 'shin-plasters.' I had on several occasions pleaded with Mr. Chase to allow me to teach these rebels and greenback slanderers a lesson they would not forget and I told him I could do this, and at once bring gold down to a fairer level by the use of only a few millions of the \$35,000,000 of gold then in the New York sub-treasury, returning the specie at a large profit, if it were required at any time. From an investigation I had made I was sure that not more than \$12,000,000 to \$18,000,000 of greenbacks were then held by the New York banks, requiring the sale of not more than \$6,000,000 or \$7,000,000 of gold to absorb every dollar of them into the Treasury and to cause them to rise temporarily above bank credits.

"One morning Mr. Chase arrived in New York at a time when I was also there. The gold men, hearing of his arrival, rushed the price of gold up to 188. About noon he sent for me to come to the Sub-Treasury and asked me all about my plans. Although very nervous and doubtful about the policy of lessening his

gold supply by a single dollar the crisis was so grave that he could see no other way than to give me authority to carry out my plans, which in the presence of the sub-treasurer, John J. Cisco, he did, telling Mr. Cisco to honor my instructions. This I have always felt was a very bold act on Mr. Chase's part and shows how he had come to place implicit confidence in my advice and judgment. Mr. Chase returned to Washington and I at once, that afternoon, met confidentially David Crawford of the firm of Clark, Dodge and Company, of which I had once been a member. I knew my friend David to be a man in whom I could fully rely to keep so vast a secret, even from his own partners, and that he had the discretion and wisdom to carry out my instructions to the very letter. We decided to begin sales of gold the next morning, but sell no more on that day than would be necessary to bring the price down to 180, so as not to create suspicion regarding our plans, although he told the purchasers that he would require in payment greenbacks, or checks marked 'good,' which would draw greenbacks.

"The first day we sold \$2,700,000 and the next morning before anyone had yet reached Wall Street I carted the \$2,700,000 from the Sub-Treasury to Clark, Dodge and Company's office and stored it away under their remotest and most secret counters; whence it was with as little show as possible delivered rather late in the day, checks and greenbacks being turned over to me in return. I took all these to Mr. Cisco, requesting him to draw all the checks in greenbacks before three o'clock. In the meantime Mr. Crawford had disposed of over \$2,500,000 more of gold and the price fell to 170. The

same operation was repeated, the greenbacks being drawn from the banks and the next morning when Mr. Crawford began selling the price dropped so rapidly that by the time he had disposed of \$1,250,000 a panic prevailed. Stocks which were very much inflated began to tumble and the rebel or Copperhead firms to suspend. The banks making demands upon the purchasers of the gold to provide the greenbacks to meet their checks the 'worthless greenbacks' rose to a premium. One firm to which David had sold \$500,000 of gold offered him 3 per cent. premium for the privilege of paying in a check not calling for greenbacks and by this time the fact that the Sub-Treasury was selling gold and would sell \$20,000,000 more if it were required to break up the conspiracy against the credit of the government, became noised about Wall Street and the result may be imagined.

"I saw at once that we had gone far enough and that the power of the nation was uppermost. I therefore ordered a suspension of sales. To have gone farther would have involved the banks and mercantile establishments and other business interests in a still vaster panic. Only \$6,650,000 of gold had been sold, the price had fallen to about 160 and could have been reduced much more, but for the reasons given above it was wise to steady things. For some time thereafter it only required my visiting New York for the whole tribe of government haters to suspend their efforts. I have always regarded this as one of my most successful financial efforts for the preservation of the national credit and the great responsibility Mr. Chase took upon himself in authorizing this sale of gold shows that upon

occasions this great man was capable of great deeds.”¹

Mr. Cooke was still in New York on April 20th when he wrote to Chase: “I must go home in a day or two as my business is ‘going to the dogs,’ or rather when I am away the house loses ground. Still I am willing and glad to be useful, and also glad that I can say I am working without reward, except the reward of helping you and my government.”

The next day in his report to Chase the banker said that he had sold \$500,000 more gold, making in all \$7,000,000 since the beginning of the operation in New York. But the Secretary would not go far enough to please the vigorous financier, complaining of the lack of authority. “You have them [the gold speculators] in your power,” wrote Cooke. “Why relinquish the grasp when so near the accomplishment of the just and righteous end? It seems to me that I am the only one unselfish enough to desire the government to get the entire upper hand, even if it does hurt our own pockets. I know that you are true and faithful and unselfish, but I could name many here whose actions are entirely the other way.”

After pondering these hard words over night, Cooke, as was always his custom, when he had spoken unkindly of others, repented of them and on April 22d in another letter to Chase said: “I wrote perhaps too warmly last night. Still I wrote under the impression that no one here heartily loved their country better than their pockets.”

¹The actual quotations of gold at this date do not fully correspond with the prices as they were recollected by Mr. Cooke, in recalling the stirring experience, but his may have been the street rates, a supposition which finds some support in Schuckers's *Life of Chase*, p. 358.

The appearance of the government in the New York market as a gold "bear" called for the management of a daring spirit and a nature of irreproachable integrity and patriotism. With large private banking connections it might have been charged, as it would have been had the news of the transactions come to public knowledge, that Mr. Cooke was using his information concerning government sales of coin to accomplish the enrichment of himself or his friends. His movements were unknown to his partners or to the members of his own family. Fahnestock once wrote to William G. Moorhead regretting that they did not know what Jay was about. If they could find out they would be able to make a good deal of money. Again on April 28th after another descent upon the New York speculators Fahnestock wrote to Mr. Cooke: "You're growing to be a regular Merrimac in Wall Street. Can't go there without raising a row among the stock and gold jobbers. Wish I knew what you are about that without detriment to the public service we could load or unload as might be best. But we have to go it blind—just as they do at the Department, for Harrington and Field and the others ask me where the Secretary is and when he will return."

"Presume gold will go up again when you return," Fahnestock continued on April 29th. It was a favorite dodge of the "bears" to put upon the wires a despatch from Philadelphia that Jay Cooke was going to New York or was that day in New York, and instantly all the "bulls" would make haste to cover their contracts.

Throughout May Cooke was still on guard. On the 10th of that month he told Chase: "I am at your

service always and not even my good wife shall know of my trust." On May 30th Chase wrote from the Treasury Department:

Treasury Department.

To Mr. Cooke

My dear Mr. Cooke,

It seems to me you had better go to New York and confer with Mr. Cisco as to the best means of checking the advance in the price of gold. I would go myself if my presence did not seem as absolutely necessary here.

Jay Cooke, Esq. Very truly yours,

S. P. Chase

[My dear Mr. Cooke: It seems to me you had better go to New York and confer with Mr. Cisco as to the best means of checking the advance in the price of gold. I would go myself if my presence did not seem so absolutely necessary here.

Very truly yours,

Jay Cooke, Esq.

S. P. CHASE.]

But such artificial devices for improving conditions that are intrinsically bad are of little permanent avail. Moreover they call for repeated applications of the remedy which in the end ceases to have any curative power. On May 4, 1864, Frederick Kühne of Knauth, Nachod

and Kühne, bankers of New York and Leipzig, wrote to Cooke as follows:

My dear Mr. Cooke:

Since you left we have had further news from Europe and what news! I must say I am sadly afraid that the high premium of 180% will brew serious mischief there by inducing people to return our bonds.

Can you not induce Mr. Chase to put down the market again by selling some more gold and exchange. It can easily be done without disturbing the money market if done secretly and against checks. And I again express my full convictions that sales of gold made, no one knowing whence it comes, are all the more effective. If it is known that the government is selling, the speculators know exactly how much there can possibly be forthcoming and they look the danger fully in the face, and operate accordingly. But gold sold nobody knowing its origin (nor suspecting it) is apt to create the impression that it is "the people at large" who sell and once successful in creating that impression you will see a tumble such as you never expected, because the speculator cannot calculate how much gold there may be forthcoming, or whether any one of the combination is not selling out in spite of the pledge.

A premium of 180% you must admit is very dangerous. How easily may a panic spring up which the government may not have it in its power to control. Such an event would be as disastrous as the capture of Washington and the defeat of Grant. And must we let it come to this while we have the power to prevent it? Indeed something ought to be done and speedily. Can you not induce some of the members of the House to have the gold bill taken up and passed. That passed if we only obtain a reduction of 20% and that is easily brought about, it is a great gain.

Would it not be well for Mr. Chase to have his secret agents here for the purpose of watching and regulating the credit of the country just the same as the governments of Great Britain, France, etc., have their agents in London and Paris who, accord-

ing to circumstances buy or sell Rentes and Consols? Just as well such government agents at New York who should buy or sell gold. If these transactions leave a profit (as they certainly will in proper hands) let the Sanitary Commission or the orphans and widows of our brave soldiers have the benefit of it—if a loss let it be paid out of the secret service fund. By such means most of the governments on the other side regulate and maintain their credit and I hope Mr. Chase will see the propriety of making a similar arrangement here. Had it been done two years ago I cannot doubt that gold would not be within 50% of today's premium. This is a bold operation but in my opinion it is never too late to take proper measures to effect good. While I am writing here gold has declined to 178. Had we a government agent here, *i. e.* was the government's interest represented in one of its most vital points with \$100,000 or \$200,000 the market could have been hammered down three or four or more per cent. So much down is a clear gain. I should be at a loss to say who is a proper party to be government agent. You may know better. Loyal the man has to be of course. Believe me, yours truly, etc.

Already as indicated in Mr. Kühne's letter a bill looking to more stringent measures against the gold speculators was making its way through Congress. It had passed the Senate on April 16, 1864, but not in the form which Jay Cooke had recommended. It was an anti-option bill, designed to prohibit "time sales," the selling of gold for delivery at a future time when the seller did not possess his commodity. Violators of the law might suffer a fine of from \$1,000 to \$10,000, or imprisonment of from three months to one year or both. The measure did not pass the House until June 14th and it was signed by the President on June 17th. Its provisions, of course, were not enforceable, especially at such a time. The result, in connection with the military

situation, and the resignation of Chase which was expected to dispose of Mr. Cooke as an active factor in manipulating the market was very disastrous. The "gamblers" contrived to raise the premium until gold sold at 200 and 250 and when Secretary Chase suddenly retired on July 1st in the midst of the country's worst financial troubles the price was bid up to 280 and 285.¹

How useless the law was in the accomplishment of

¹ This was the quotation of July 11, 1864, the highest point reached during the war. Whatever their sins it was the custom roundly to denounce the gold speculators as "traitors," Copperheads and sympathizers with the South. The greenback was the test of patriotism, to admire it was a loyal exercise, and to question its value and prefer gold savored of high treason. In the same way patriotism was expected to give value to paper money during the Revolutionary War, when the theory failed even more signally. As an evidence of this temper note this letter of Henry D. Moore from the "Treasury Department of Pennsylvania," dated June 22, 1864:

"Dear Jay:

"I see by the papers this morning that the New York Board of Brokers showed their secession teeth yesterday by howling over the passage of the gold bill and nominally quoting gold as high as 206 and 208 and threatening its repeal, etc., etc. These facts convince me that the bill hurts them some and they are taking this method to frighten Congress and the government into its repeal. I wish that Congress and the government, instead of repealing it, would pass another act, making it still more stringent and severe. These men are doing more to injure and weaken the government by their actions than the rebels are and they ought to be reached in some way by the strong arm of the law. I was pleased indeed to see that our Philadelphia board acted like patriots and loyal men in conforming at once to the laws of the country. The fact is New York is a nest of secessionism and treason and just about a year ago it culminated in blood and murder in the streets of that city, and if these gold gamblers are not careful they will raise a whirlwind which they will not be able to control. What are they trying to do? Why, to depreciate the credit of the government and its securities in which every poor man is more or less interested. And how much longer do you suppose the masses will tolerate the action of these men who depreciate their money and increase the price of all the necessaries of life at a fearful rate? They are sowing the wind, and if they are not very careful they will reap the whirlwind."

its purpose was indicated by the immediate course of events and on July 2nd Congress very wisely and promptly repealed it, leaving the market to its natural course.

Another step taken after some deliberation in the hope of checking the advance in the gold market was the issue of gold notes as provided in Section 5 of the \$900,000,000 Loan Act of March 3, 1863. H. C. Fahnestock writing to Jay Cooke on March 23, 1864, warmly favored this policy. These notes being receivable, as specie, for duties on imports, their use he believed would "largely reduce the daily demand which is now met only by purchase in the market." They were issued only at the New York Sub-Treasury and some Philadelphia importers vigorously complained to Mr. Cooke, who was constantly looked to to abolish evils and correct inequalities over which he had no control, that they were unable to procure them from Mr. Cisco promptly and at advantageous rates. The gold certificates, like the gold itself, became subjects of speculation and this device was soon abandoned also.

On several occasions foreign exchange had been sold by the Assistant Treasurer in New York in the hope of breaking the gold market, and it was even suggested that in spite of the objections of both Secretary Chase and Jay Cooke, who believed that it would be a national humiliation and at the same time very expensive to place government loans in Europe, Mr. Cooke and George Harrington should go abroad to negotiate the sale of a large block of bonds for gold with a view to bettering the monetary situation.¹ Now again, as

¹ Letter of H. C. Fahnestock to Jay Cooke, June 14, 1864.

for a long time, it was hoped, since portions of the South were being reopened to trade by the advance of the Union armies, that cotton would be at hand for shipment to Europe, but little offered and exchange was very inconsiderably affected by a revival of this commerce. As one device after another was tried and came to naught there settled upon the country a conviction which Fahnstock expressed when he said: "I don't believe anything the Secretary can sell will break gold. Grant must do that."

As already indicated the New York money jobbers were greatly assisted in their machinations by the unhappy turn again taken by military affairs, culminating in the march upon Washington and the burning of Chambersburg, Pa., and also in high degree by the resignation of Secretary Chase with the uncertainties of a new administration of the government's finances. It was feared that Lincoln could not be re-elected in November and political observers so shrewd as Thurlow Weed were predicting Republican defeat, in the approaching Presidential contest. It was a time of general gloom and foreboding. On July 4, 1864, Fahnstock wrote (Henry Cooke being still absent in Europe):

No Gettysburg or Vicksburg victories or prospects to make this a "Glorious Fourth." But there is plenty of sunshine, and lemonade, and Chinese crackers about town and all the contrabands are riding in hacks up and down the avenue and singing "Hail Columbia" in the President's grounds, having a jolly time generally.

On July 10th he wrote:

We are in the midst of our regular midsummer scare, which

always occurs on Sunday. . . . It is by no means impossible that the force which yesterday was in front of Fredericksburg may be in front of Washington, or between Baltimore and Washington to-morrow. I am led to believe it is as strong as 30,000 men. How they could have come north unknown to the War Department is a mystery. Lest the wires should be cut I have telegraphed you not to be uneasy. . . . I have no apprehension as to the fate of the city as, other considerations aside, one or more of Grant's corps are now en route for this point.

The next day Jay Cooke was advised from his Washington house:

Nothing to do to-day but sit and serenely smoke in our shirt sleeves. The rebs are skirmishing on the 7th Street and Tenallytown roads four to six miles from the city, and just outside our fortifications. We have, I am satisfied, abundant force to take care of them. Our folks talk about "bagging" them but we have heard too much of that before without results. What I most feared, being easy about the city, was that Grant would be depleted to an extent sufficient to impair his usefulness; but Ramsey (Senator from Minnesota) and an old personal friend who has been down with Sprague to visit him returned Sunday and reports Grant in excellent spirits, and says he will inevitably take Richmond and Petersburg; that he would do it more speedily but that his present plan involves the least expenditure of life and is the best. He has known of this diversion and estimates its strength at 12,000 to 20,000; says the more men Lee sends and the further north they go the better he will like it. . . . Don't be uneasy about us, for if the worst comes we shall send a fishing party around via the Atlantic route.

On July 14th Fahnstock wrote to Jay Cooke and William G. Moorhead, continuing his report of the siege:

After three days of perfect isolation our communications with the world have been opened this morning. Up to this hour, 1.30, we have received only your first despatch in answer to mine and

one from New York, dated yesterday. I have written you daily, I believe, by various routes, as also to New York, and the letters will turn up by mail and express some time or other. Yesterday's batch went, I reckon, via New York [that is by steamer down the Potomac]. I wrote you a long war letter yesterday which probably went by first train this a. m. and will reach you to-day giving you some idea of our queer surroundings during the blockade. The rebs have nuzzled and for want of cavalry on our part will probably get home safely. The government ought to have embraced the opportunity to string up some leading secessionists here. They have known for a fortnight what was coming, and parties went to country places near the city a day or two in advance to meet their Southern friends whom they knew were to be there. I suppose you were more troubled about the military status than we were.

Although the besiegers had departed, assurance did not completely return. On July 26th Fahnestock wrote Mr. Cooke:

Secesh people here all say that Lee will be here again before long. Don't believe the Congressional stories of Grant's satisfactory progress. He must have a hundred thousand more men before he can take Richmond. So says Martindale privately who has for some time commanded the 18th Corps (Baldy Smith's) and spent Sunday evening with me. He is worried about it and of course says nothing of the kind publicly. He is an out and out Republican — goes the whole nigger and is not given to a dolorous view of things.

Mr. and Mrs. Henry Cooke had left their children at home in Georgetown and there were several suggestions that for safety they should be sent to Philadelphia, but after the burning of Chambersburg the Confederate expedition returned whence it had come and the North breathed more freely again. On July 31st Mr. Messersmith wrote from his ruined Chambersburg to Jay Cooke:



WILLIAM G. MOORHEAD



A WAR-TIME PICTURE OF JAY COOKE

It is with great sorrow I inform you that our beautiful town is a ruin. . . . Personally I have lost everything and myself and family barely escaped with our lives with nothing but the clothing we had on. The wretches did not give us five minutes' notice, but fired the entire circle of buildings in the diamond simultaneously. I know not what to do. I am appalled with the distress and ruin around me. My little family is scattered, the remaining part of the town is crowded to excess and what to do for the future I know not. Praying God that such sorrows and trials may never visit you and yours, I am your distressed but faithful friend.

Unwonted gloom enshrouded even the hopeful spirit of Mr. Cooke, for he wrote his brother Henry to a European address on August 2nd:

You will hear the news of our sad reverses before Petersburg; also of the raid into Pennsylvania and the burning of Chambersburg. Grant has lost prestige and people begin to doubt even his success. Sherman before Atlanta we have our fears about, not from any knowledge of any particular danger just now but on general principles. He is far from his base and in an enemy's country. We fear for his communications. The presence of the enemy in the Shenandoah valley and all along the Potomac is disheartening. The rebs are gathering a harvest sufficient to feed the army at Richmond a year and our forces under Sigel, Hunter, Crook, etc., are entirely inefficient—get whipped and driven across the Potomac as fast as they show themselves, whilst Pennsylvania and Maryland are entirely unprotected and we here in Philadelphia really think seriously of sending our valuables into some "vast wilderness"—not a fortification, breastwork or rifle pit, nor a regiment or battery between this city and the 40,000 rebs of Shenandoah valley. 1,500 or 2,000 of the gay riders could pounce on and destroy the city. This is exactly the state of the case and yet we are cheerful, happy and eat and sleep as usual. . . . W. G. is bluer than indigo and a regular Copperhead. He has done great damage to the standing of the house as Republican folks by his wholesale and public and in-

discreet talk. His visit to Gov. Chase some time ago filled him with the Gov.'s blues and he hasn't got over it. I shall send W. G. to Europe in a few weeks. I still have faith that we will do this job up, but God is really punishing us severely and no daylight yet.

Mr. Chase's "blues" came principally from the fact that he was not managing the war instead of Mr. Lincoln. His resignation was offered suddenly. This was the fourth time it had been written¹ and the President was now ready to accept it. In May General Francis P. Blair, Jr., who, with his father, had become a strong force in politics, made an attack upon Chase in the House of Representatives. He had been in command of the Western army and Lincoln had promised that he might return to his military office at the expiration of his term in Congress. The President made this appointment almost immediately following Frank Blair's anti-Chase outburst, thereby seeming to endorse it. On May 4, 1864, Cooke wrote his friend, the Secretary of the Treasury:

Last evening I read for the first time Blair's doings (reported in the *Globe*). What an outrageous rascal he is! I don't wonder that somebody was a little wrathful that afternoon going over to Baltimore. What can I do? Shall I challenge him? I think that Lincoln is in a scrape and that unless he makes a regular nomination and the Senate confirms Blair — that military person will have to retire to private life. If I were you I would demand of Lincoln an open reprimand of Blair, and a disavowal of all sympathy with such base charges.

The next day Chase replied:

My dear Mr. Cooke:

I hope my wrathiness was not excessive. Indeed it was vexa-

¹ Field's *Memories*.

tion in thinking that all my labors to serve our country had found recompense so far as Mr. Lincoln's special friends were concerned, and with his apparent — but as I hope and believe merely apparent — endorsement only in outrageous calumny. I seldom consult personal considerations in my public conduct, and so suppressed my inclination to resign my office and denounce the conspiracy of which the Blairs are the most visible embodiment. After returning from Baltimore I conferred with Gov. Brough and other friends who were earnest in advising against resignation, and I yielded to their judgment which indeed coincided with my own, though exceedingly contrary with my impulses. Immediately afterwards I was obliged to visit Philadelphia, and was absent from Wednesday morning until Saturday night. On Monday I learned that the Ohio delegation had taken the matter up and that one of them had called on the President, who disavowed in the most explicit terms all connection with, or responsibility for Blair's assault, and expressed his decided disapproval of it. As this was merely verbal, however, the delegation determined to call on the President in a body and make and obtain a distinct statement in writing — on their part of their advice, my action and their conviction of what was due from the President to me, to Ohio and to the country, and on his part such reply as he should see fit to give.

There the matter now stands. It seems now only simple justice to me that every friend who believes I have done my duty should by voice, pen and press utter sentiments which this outrageous attack must kindle in honest minds of indignation against the unworthy men who have set on foot and propagated these vile calumnies.

Yours faithfully,
S. P. CHASE.

This wound was still rankling when in June Mr. Chase suffered a fresh injury and he departed his office. The immediate cause of his resignation this time was a dispute with Mr. Lincoln as to the choice of a man to fill the place soon to be vacated by John J. Cisco, \

the Assistant Treasurer in New York. Mr. Cisco was a Democrat who had held his office since 1853. He had resigned at the beginning of the Chase administration, but strong influences kept him at his important post and many circumstances combined to make him a useful officer, in spite of his desire to be regarded as a greater man than the government required in the position which he occupied. He now asked to be relieved of his duties at the end of the fiscal year, 1864, and Mr. Chase in his characteristic way sought to fill the place without taking too much account of President Lincoln's wishes in the case.

The Secretary's choice was finally narrowed down to Maunsell F. Field, who had been in the New York Sub-Treasury and had become an assistant in the Treasury Department at Washington. He was of Democratic leanings and there were strong objections to the appointment by a New York senator. Mr. Lincoln on this account, and for the reason that Chase was too often and too much disposed to take the appointing power into his own hands, refused to make the nomination.¹ To avoid a dilemma the Secretary of the Treasury persuaded Cisco to remain in office another quarter, but just as the matter seemed likely of adjustment Mr. Chase resigned and—much to his surprise—no steps were taken to induce him to reconsider his action. The event was natural in view of his open efforts during the half dozen preceding months to replace Mr. Lincoln in the White House, and with a man of less philosophy and forgiveness than the President, official, if not indeed

¹ For Mr. Field's own account of this personal *impasse*, see his *Memories*.

friendly personal relations. would have ceased much sooner.

As early as May 18, 1864, Fahnestock wrote to Cooke:

The Governor does not seem to be posted upon war matters and I only wonder that he can stay in the cabinet at all under the circumstances. Abraham does not seem to consult him upon any but financial matters.

And on June 26th, Chase himself wrote to the banker :

Accept my warmest thanks for your disinterested and patriotic zeal and services. You notice, I dare say, the malignant falsehoods which are constantly printed against you and me because of my employment of your energy and skill in the negotiation of the 5-20 loan. Like falsehoods are circulated about the 75 million loan [new 81s]. . . . They say that my rate for acceptance [of bids] was fixed with reference to favored parties who had the means of knowing what it would be. How mean this falsehood is. . . . Not a soul had an intimation what rate would be adopted and could not for I did not know myself. But why speak of these things. Calumny has a thousand tongues and is as immortal as fire — dying and reviving continually.

The resignation came on June 29th and was immediately reported to Mr. Cooke, who at once wrote as follows:

My dear Governor:

For our dear country's sake I am deeply pained to hear of your resignation. How was it possible for you to leave the helm of finance in the midst of this great storm? The reasons must be mighty and all-powerful, and knowing your patriotic and self-sacrificing spirit I have entire confidence that these reasons will satisfy your friends fully — if not your enemies. God keep us. And may his everlasting wings shelter our poor nation from ruin. I know and have long been painfully sensible of your unpleasant position, and the longing you have had to escape from it and that

you have only remained from pure exalted motives of duty.
As ever,

Your sincere friend,

JAY COOKE.

A record of the event as it was viewed by Mr. Chase's friends is found in two letters from H. C. Fahnestock dated June 30, 1864. In the first he says:

The Governor's resignation was sent in yesterday and accepted to-day after I saw him. It is understood that Tod of Ohio has been nominated by the President, that the Senate in executive session to-day did not confirm the appointment, and that a desperate effort is making to prevent his confirmation and induce the President to recede from his position. The Secretary cannot of course, if he would, withdraw an accepted resignation and the President is not likely to back water. The immediate occasion (but only the culmination of a long brewing incompatibility) is understood to have been the President's declining to appoint Field on the ground of the objections of Governor Morgan, who disliked Field not personally but as a former Democrat, and proposed in his place several others (privately one man of 70 years, one of 60 and one who lived in the country) who were not regarded as properly fitted for the place. The worst of it is that Tod who is to succeed, as it now looks, is a man of no financial experience and is said to be a Blair-ish Republican.

Later the same day Fahnestock wrote:

I have just telegraphed you that I have seen the Secretary and he states the occasion of his resignation to have been a difference with the President in regard to the appointments of his subordinates, especially the New York Sub-Treasurer, a position the responsibility and confidential character of which cannot be overestimated. Of course we understand that this is only the culmination of a trouble that has long existed, the galling attacks of the Blair faction and the insult with which the President followed them up. It does not look like a revocable case.

It is gratifying to see that the market has survived the shock. It is unquestionably unwise in the Secretary to leave at this juncture, and without conference with any of his assistants, all of whom were in utter ignorance until the acceptance came in and Harrington was appointed *ad interim*. McCulloch, even, who came to Mr. Chase's assistance at great personal sacrifice knew not a word about it. Nor did Sherman, who was at my house last night, nor Hooper. Tod, I guess, is totally green in financiering, but we will be duly polite and throw up our cap for whoever comes with all due regret for Mr. Chase's step.

On July 1st, Chase himself found time to write an account of the event as follows:

My dear Mr. Cooke:

When I found that upon the question of Mr. Cisco's successor I was not to be left free from all other considerations, except simple fidelity to the general cause and fitness for the place, but was expected to take into consideration questions of local politics, I felt myself constrained to make it a turning point. I had been so much embarrassed and injured by the standing of one of the members of the cabinet that I could not feel at all safe unless that office was in hands on which I could personally depend. The President differed with me and I tendered my resignation, and he thought it best to accept it. I could not remain and feel that my Department was really under my own control or that I had any real ability to serve the country in it. The President did not see the matter as I did.

It was very painful to me to resign especially at a moment of peril, but at moments of peril the pilot must have command of the ship, whether the best pilot that can be found or not. If the captain won't let him have charge the pilot cannot be expected to be willing to do the piloting. I don't know that I could do the piloting and have nothing to complain of, if, when I tendered my resignation, it was accepted.

After all I did not know but it would later if not then. It was very doubtful whether Congress would give the additional taxes necessary to a firm basis of credit, and I am tired of ex-

pedients. I want something solid. Congress you know did refuse the tax on state banks necessary to compel them to assume the burden of contracting circulation, and so put that burden wholly on the Treasury. Congress refused also to give the Treasury the benefit of the whole tax on national banks as a basis for loans. I felt therefore that if Congress should refuse also taxes sufficient to produce at least half the expenditure of the next fiscal year, that I could hardly remain anyhow.

These considerations made me more than willing to resign. After all I should have held on as long as I could hope to be useful had not I feared that my insisting on what I thought the true and only safe principle relating to the appointment of Assistant Treasurers made my position disagreeable to the President, and that I must hold my office, if I retained it, either by surrendering a point which I thought vital or against his inclinations. I therefore tendered my resignation and feel its acceptance as a real relief.

I am still ready to do all I can for our country and hope some pilot will be found able, and willing, and permitted to command the ship. God will yet bring us through.

Your friend,

S. P. CHASE.

David Tod, named by the President for Chase's place, had been governor of Ohio and was a "War Democrat" of that class which Mr. Lincoln in his insistence that the war was a political as well as a military problem was so glad to invite into the temple to share the honors and responsibilities of guiding the country on its troubled course. It seemed not to matter to the President that "Dave" Tod, as he familiarly called him, was not a man of financial experience, nor did he seem fully to realize that Mr. Chase had left his office in a time of great pecuniary straits, when tact and skill were needed as never before. Tod relieved the situation by declining the appointment and Mr. Lincoln created satisfaction, gen-

erally felt and widely expressed, by sending in the name of William Pitt Fessenden of Maine, Chairman of the Senate Finance Committee, for the vacant portfolio. Mr. Fessenden was totally surprised by this appointment ¹ and had come to the White House to recommend McCulloch ² for the post only to be informed by the President that a messenger had just taken his own name to the Senate. He did not immediately agree to serve and the Cooke interests were anxious, if he did not, that the office should be tendered to John Sherman. As the latter might not accept if he were nominated, having to surrender three years in the Senate, which were a certainty, for "a stormy nine months" in the cabinet, counting the chance that Lincoln would not be re-elected, Jay Cooke was urged to come on to counsel the young Ohio statesman. But Fessenden agreed to take the office temporarily, if under some protest, until better arrangements could be made and the outlook grew more clear. He had been a respected and leading mind in the Senate, his advice being especially valued on financial subjects, ever since he had entered it in 1854. He was a spare, not very happy man, whose face bore the lines of suffering, graven there by an obstinate case of dyspepsia. He, however, had a larger store of geniality than his predecessor and Fahnestock early took occasion to tell Jay Cooke that he thought him a pleasanter man to talk to and deal with; he was "always afraid of Chase."

Thus ended the administration of the Treasury of the United States by Salmon P. Chase, while Grant was

¹ Field's *Memories*.

² Nicolay and Hay, Vol. IX, p. 99.

making of Virginia a bloody shambles and causing a revulsion of feeling in the North because of the war's brutalities; while Lincoln's re-election was in grave doubt and the Copperheads clamored for compromise and peace; while the country staggered under a heavy load of paper money and its credit was deeply disturbed. His abandonment of the state at such a crisis does not make of him a more imposing hero and now that his day has passed and he is a figure in American history the impression deepens that he sacrificed something of his fame to satisfy pride and ambitions which become petty and personal when weighed in the balance of the years.

CHAPTER IX

MR. FESSENDEN'S LOANS

Mr. Fessenden assumed the duties of the Treasury office on July 5th, at once attending a cabinet meeting, where he shook hands with his colleagues, early to give his attention to the great and difficult tasks which confronted him. Mr. Chase, whose last care had been a bill to tax the circulation of the state banks and get these agencies of confusion and disorder out of existence,¹ freely and cordially offered his aid to the new Secretary, who on July 9th went to New York to confer with the leaders of the banking community in that city. The times were truly unpropitious, and in various ways. When Mr. Chase left his office at the end of the fiscal year 1864 the public debt had been increased to \$1,740,690,489, and three-quarters of a billion dollars of it was in greenbacks, legal tender Treasury notes and certificates of indebtedness, all of which more or less freely passed from hand to hand as currency and disturbed values in a vital manner. Delayed accounts and requisitions which reached a total of \$71,814,000 on July 5th² called for large sums of money immediately; the cash balance in the Treasury was below \$19,000,000 and but few promising sources of income were visible. There was of course a considerable balance on

¹ Letter of Fahnestock to Jay Cooke, June 1, 1864.

² Fessenden's Report for December, 1864.

the ten-forty loan account, which it will be remembered was not finally closed until January 7, 1865. There were some thirty millions of the new 81s yet to be issued and Congress by the law of June 30, 1864, approved just as Chase was leaving office had authorized a loan of \$400,000,000, one-half in long bonds and the other half in 7 3-10 per cent. Treasury notes, thus opening the way to a policy suggestive of that which had produced considerable sums of money in the first months of the war.

The \$200,000,000 of Treasury notes might be of any denomination not less than ten dollars. They were redeemable at any time not exceeding three years from date and bore interest not above the rate of seven and three-tenths per centum, payable in lawful money at maturity, or at the discretion of the Secretary semi-annually. If payable at maturity they were made a legal tender, but practically none were issued in this way, so that they did not in any material manner unsettle values. They could be given to government creditors in discharge of public debts and might be converted under certain conditions into United States bonds.

The \$200,000,000 of bonds which the Secretary was authorized to issue under this law could be paid after five years and must be paid at the expiration of forty years. They were to bear interest not exceeding six per cent. in coin.

This was Mr. Fessenden's outlook and he faced the situation with courage. On his first visit to New York he received through Mr. Cisco propositions from a group of German bankers in that city for fifty millions of the new 7 3-10 currency notes, the amount to be



WILLIAM PITT FESSENDEN

turned into a fund for the Treasury to draw upon as it was wanted. Mr. Fessenden's situation on July 11th, and his prospective needs up to September 1, 1864, were as follows: ¹

Suspended Requisitions	\$ 88,000,000
Estimated Expenses, 51 days.....	102,000,000
	\$190,000,000
Interest bearing notes withdrawn for which a corresponding amount can be re-issued	
	\$ 70,000,000
Estimated Internal Revenue Receipts for the period	33,000,000
	\$103,000,000
Proposed 7 3-10 negotiation.....	50,000,000
	\$153,000,000
To be provided.....	37,000,000
	\$190,000,000

On September 1st \$50,000,000 more would be due the soldiers, a sum to be provided and re-provided every sixty days, the various armies comprising at this time 1,200,000 men.² Many invitations to come to Washington were sent to Jay Cooke, and the heads of his Washington house were very anxious to lure him thither. Already on July 4th there was "every assurance that Fessenden feels very kindly toward us," Fahnestock wrote to Jay Cooke. "He has more than once expressed

¹ Letter of Fahnestock to J. C., July 11, 1864.

² Fahnestock to J. C., August 10, 1864.

regret that the five-twenty policy under your management was terminated." On July 19th Mr. Fahnestock telegraphed asking Mr. Cooke to come at once to see the Secretary, who was "worried" by the "importunities" of the "Dutchmen" in New York. "He told me distinctly," said Mr. Cooke's Washington adviser, "that he was not ready to negotiate with them and is convinced that they are not ready or authorized to make any definite contract with him." Thus the \$50,000,000 negotiation failed "notwithstanding a professed and as the Secretary was convinced a real desire to aid the government," to use the euphemistic language of his first annual report. They "were not able to furnish the assistance required upon terms which under existing provisions of law the Secretary felt authorized to accept."¹ Mr. Fessenden "cordially expressed a desire," Fahnestock wrote the banker, "to confer with you upon the present situation and his future programme. I am sure that it will be well for you to come down now and that you have an opportunity to impress the new Secretary with your ability to do whatever you undertake. Moreover I do wish that the thing would take a 'J. C. Subscription Agent' turn now in vindication of the past. The idea has been strongly pressed upon Fessenden."

Mr. Cooke was not disposed to make any overtures to Mr. Fessenden, his position being one of peculiar delicacy because of the prevalent notion that the Treasury Department and the houses of Jay Cooke and Company under the Chase administration had too closely co-operated. When he was practically sent for he went on July 21st to call upon the Secretary, who read him a

¹ Report of December, 1864, p. 20.

manifesto which he had written appealing to the patriotism of the people in the great emergency.

They had a full and free discussion of the issues confronting the Treasury and the Secretary asked Mr. Cooke to put his recommendations into writing. The financier did so at once in the following characteristic terms:¹

As requested by you I proceed to place on paper the views I expressed this morning.

First. Arrange a system that will insure a more prompt delivery of bonds to subscribers of loans.

Second. If an appeal to the people is resorted to through national banks and sub-treasuries for subscriptions to the 7 3-10 three year currency interest notes make liberal arrangements for travelling agents, advertising, editorials, etc., etc., and offer a commission large enough to induce active exertions to place the loan, somewhat in the manner adopted in disposing of the 5-20 loan. I think the allowance spoken of, viz. $\frac{1}{2}$ to $\frac{3}{4}$ per cent. would accomplish this work in full.

Third. In order to improve the market price of all our various securities the certificates of indebtedness now selling at 93 to 94 must be brought nearer par. To do this effectually you will find it necessary to decrease the amount issued for the present at least, and also to purchase any surplus of certificates that may be floating on the market. I would suggest that uniform payments be made to contractors, both of army and navy, in checks for certificates and that these checks be paid in, say, 20 per cent. cash, 40 per cent. in one year certificates of indebtedness and 40 per cent. in the new 7 3-10 notes, and that both these securities be brought up and kept nearly to par by constant purchases in the open market which would not require the whole amount of cash saved to the Treasury above.

Fourth. Give confidence to contractors and those who loan them money, or purchase their vouchers by assuring them of the permanency of the mode of payment, and certainty of the time

¹ Dated Washington, July 21, 1864.

of payment, which should not exceed sixty days and any change in the above should not apply to contracts already made.

Fifth. Dispose at once of the \$33,000,000 1881 loan to banks and bankers through national banks. [Here follows a full description of the methods which the Secretary should pursue to accomplish this result.]

Sixth. As a temporary measure pay off the army, etc., in compound legal tenders to be withdrawn as soon as the Treasury is able to reduce the volume of circulation.

These and other suggestions I make fully confident that credit would be restored and a firm basis reared for future loans from the people. In conclusion, if you will pardon me, I would suggest that God's favor be invoked upon our efforts to maintain the financial credit of our nation by a strict observance of His Holy Day and that hereafter the awful scandal of Christian people working all day on the Sabbath in the Treasury Department be done away with entirely. If I can ever be of service to you I shall be ready to come to you at a moment's notice.

Fessenden seemed to be "properly impressed" by Mr. Cooke's recommendations, Fahnestock wrote him after his return to Philadelphia. Thereafter he spoke of "Jay" in a familiar way and on the 25th of July issued general proposals for the 7 3-10 per cent. loan. Upon Mr. Cooke's advice he sent for the New York advertising agent, Shattuck, who was to place the Secretary's appeal to the people in the newspapers of the country, after visiting the financier in Philadelphia for final instructions in regard to a matter upon which no one, it was generally recognized, had such intimate knowledge.

Fahnestock feared that the new Secretary had not "nerve enough"; and "knew" he was "not financier enough for the emergency" and this impression was confirmed in his mind by later developments. On July 26th he wrote: "I am sure the 7 3-10 programme, as it is

now issued, will inevitably fizzle and I have no heart in it. When a plan is feasible, as was the five-twenty, when there is a manifest inducement to subscribe you can go in with a splurge and advertise and exert yourself in every direction. But when you try to sell currency 7 3-10s at par, with certificates at 95, and have a little beggarly $\frac{1}{4}$ of one per cent. to divide upon, it is absurd and cannot be made to go."

This in truth was the commission at first offered for the negotiation and it promised very ill on this basis. Jay Cooke and Company had made the first subscription to this new 7-30 loan ¹ and they advertised it as widely as the conditions would allow. The operation was not tempting, as Mr. Cooke was told by his Washington men, because when notes were ordered the account was at once subject to Spinner's draft, *i. e.*, the draft of the Treasurer of the United States, and the government reserved to itself the right to deliver at its own convenience which it was estimated would be two months hence at least! "It is awful to have such tardiness in the head of a Department upon which so much depends," Fahnestock wrote.²

Moreover the demand was not active and chiefly because of the price of certificates of indebtedness which Mr. Cooke had tried to persuade Mr. Fessenden to advance. He had not profited by this or indeed any other important recommendation and was looking to New York for the aid which he so sorely needed. On this account his administration was still unsatisfactory to Fahnestock, who wrote on August 2nd that the Secre-

¹ Fahnestock to J. C., July 26, 1864.

² August 8, 1864.

tary did not "display any nerve at all and would not get along with his finances unless he determined to take the responsibility of doing whatever was needful, and then would take good advice as to what that shall be."

On August 3d Mr. Cooke wrote to Chase, now free of official responsibilities:

My Dear Governor:— Although Cisco and those New Yorkers have told Fessenden that they don't consider me a financier, but only a good advertiser of patent medicines, yet I say it boldly I could take the financial branch of the Treasury and in two months (if I had my own way) put gold to 150 and advance 1881s to 120, 5-20s to 115 and get all the money the Treasury needed on 10-40 five per cents at par. . . . It grieves me deeply when I know what can be done and see our country being ruined by its not being done.

Most truly yours,

JAY COOKE.

On August 15th in replying to this letter from Litchfield, Conn., Chase wrote:

I knew you would do all you could to aid Mr. Fessenden. He is worthy and should have all the support we can give him. I feel especially bound to give it, as he says it was mainly on my advice that he determined to accept office. . . .

I doubt if I should have advised Mr. Fessenden to accept had I not believed that those banks and bank officers who had chosen to take hostile positions towards me would probably and almost certainly take the opportunity of giving such aid to him as would make his success more conspicuous than mine. But they have given him only fair words. They offered a little more, and not much either, if he would violate the law and every principle of sound policy and make them depositories and use their credit as money. This he would no more do than I, and they are now practically as hostile to him as they were to me while he has disadvantages in regard to their hostility which I had not. So that he is now really in a harder place than I should

have been which certainly had I foreseen would not have allowed me to urge his acceptance.

“Fessenden does not seem to rise to the necessities of the case,” Fahnstock wrote on August 29, 1864, “and does not in my judgment avail himself of your advice and that of other experienced persons in adopting measures necessary to secure the success of the present loan. The longer he runs upon his present basis the deeper he will sink in the accumulation of suspended requisitions. He must go to work in earnest. Does it not seem absurd to put at the head of the Treasury, an establishment spending 2½ millions per day, a man of no actual business experience, at least on any considerable scale? I wish you had the running of the machine for about three months just to show the world what could be done in that time in placing our finances upon an enduring basis.” Mr. Cooke reminded Fahnstock that they must always wish the Treasury to adopt the policies which were the cheapest as well as the most successful for the government, but he as well as the young men about him had little favor for a programme they thought to promise neither economy nor success.

In August Fessenden repaired to Maine to close some private affairs which required his attention. He had not been home since the preceding winter and he had accepted his office so unexpectedly that this absence now was necessary. When Huntington went to see Lincoln on some business for Cooke on August 17th the President inquired for Mr. Fessenden, asking when he was expected to return, as though he still regarded a close connection between the Treasury and the Cooke houses as indispensable. Mr. Lincoln several times asked that

Mr. Cooke should visit him. On August 12, 1864, Huntington wrote to the financier:

I have heard nothing from you in reply to the President's invitation to you to see him. What do you think of it? I saw him again yesterday and he again assured me he would be very glad to see you.

In explanation of his course in declining these invitations Mr. Cooke wrote to Chase:¹

The President has several times, as Huntington and Fahny will tell you, requested that I should go over to see him. This was during Mr. Fessenden's absence and I did not go because I felt, if I did, I should be interfering with Mr. Fessenden, and until I saw whether he intended to adopt the views I had expressed to him I thought it indelicate to urge them on the President.

Mr. Cooke and his men were glad to note Lincoln's confident attitude toward them. To Chase as well as to them, as might have been expected, Fessenden was not the hero which he may have seemed to other persons. The "Governor" wrote to Jay Cooke on September 8, 1864, as follows:

I do not think, perhaps I may be overvain, that Mr. Fessenden quite draws my bow, but I had a large experience in administration as well as legislation and felt always that I could trust myself. I have taken pleasure in giving Mr. F. all the aid I could, for I believe in him and have a real friendship for him. Besides however much cause I may think I have to dislike certain acts of Mr. Lincoln I cannot but feel that my duty to sustain the government remains unaffected by any matters of a personal character. Mr. F— would have done well I think to return to the agency system, as best and cheapest. I have both written and spoken to him very decidedly on this subject. I presume he

¹ Sept. 20, 1864.

don't like to incur the reproaches which were poured on me: nor do I like them and if I could have found a better mode for the country I should have been glad to do so. I tried all modes and the single responsible general agency plan was the best. I hoped to find Department supervision with national bank agencies as good but it was not, and I had made up my mind to return to the plan which had proved so successful with the 5-20s. Mr. F. would also I believe, if he were willing to encounter the misrepresentations of malevolence. I hardly blame him for not being willing. What did I get, what can anybody get for preferring country and duty to private interests and compliant favor?

On August 8th the total sales of 7 3-10 notes covering ten days were \$9,853,750, some large subscriptions being made by the old banks in New York City and by houses wishing a stock upon which to begin sales and deliveries. On August 17th the returns were \$2,200,000 and the total sales to date about \$17,000,000.¹

Meantime it may be observed how completely Mr. Cooke made himself the master in his own household. He detected in Mr. Fahnestock, so he thought, the evidences of Copperheadism and reviewed his political opinions very thoroughly. This chastisement was delivered on the strength of some of the young man's expressed judgments regarding Lincoln's policy on the negro question. The presidential campaign was at its height and Jay Cooke feared that his Washington partner might be a "peace at any price" man, ready to vote for McClellan. This he did not propose to submit to, if he could help it, and the matter became the text for an impressive epistolary lecture. Fahnestock was compelled to defend himself, which he did on August 19th in good

¹ Fahnestock's letter to J. C., August 17, 1864.

round terms. After positively declaring that he was not a "peace at any price" man, and that he would not vote for McClellan, he continued:

I hate slavery and regard its baneful influence upon Southern society as the root of all our troubles, yet it must be remembered that it is as old as the nation, and extends through every portion of every Southern state and underlies the whole industrial system and the social life of every community. . . . I hate slavery. It is intrinsically wrong and disgraceful to the nation, yet in demolishing it we must be careful not to inflict a greater injustice upon its victims. Have you seen any extensive disposition in the northern states to invite negro settlement in the north? Do you think that even Massachusetts would relish an importation of 10,000 of them? Will it not take a long time to so care for the poor creatures that habits of systematic industry and self support can be taught them, and, during all this transition state, must not all that are freed become a great burthen to their emancipators? Just now it is convenient to put them into our armies and make them do our fighting (and their own), but after a while they will have to be returned to civil life and it's going to be no small undertaking. If I am coppersy Mr. Lincoln is. Dig up and read his letter to Horace Greeley in '62 when he said if he could save the Union with slavery he would do it, and if he could save the Union without slavery he would do it, and if he had to save it half and half he would do it. . . . Now, dear Jay, if the Union can be restored before we have entirely wiped out slavery let it be done for we can't afford to fight a day longer than we absolutely must and after the war we want to harmonize and be brothers again just as soon as possible. . . . If we have to hold the rebs like Sepoys we shall never enjoy the blessings of the Union. Now do you think I'm a Copperhead or that there's anything but a difference of opinion between us? I don't.

A little later Mr. Cooke accused Fahnestock of visiting Philadelphia in his absence to enjoy an unpatriotic

half hour with William G. Moorhead. "You must think I'm an awful Copperhead," wrote Fahnestock in parrying this thrust. "I did not go to Philadelphia to have a peace conference with Wm. G. If I had I was in with Clary Clark enough to counteract the impressions. I don't take my views from the last man I talk with, always, and have just as high a respect for your views as you could wish. I went to Philadelphia to get out of the office and avoid being really sick, which I should have been in a day or two longer. I had a good visit, only deficient because of your absence, and have returned as straight as a string."

Mr. Cooke also gave some attention to his partners' private business practices and treated Fahnestock and Huntington to a round scolding for speculating in coal oil. So early as in 1862 and 1863 it had been necessary for Jay Cooke to interfere with the voucher trade and a cotton operation in Tennessee. The traffic in cotton during the war was justified on grounds of public policy. The price had risen enormously and if the staple could be got out of the South it was predicted that it would reduce the rates of foreign exchange, break the gold market, improve manufacturing conditions in New England and old England, cheapen cotton cloth, a necessary of life, and confer upon the public many large benefits. On the other hand the speculation led to contraband trade, a violation of the rules of the blockade and corrupted the morals of many civil and military officers of the United States. Jay Cooke late in 1862 had conditionally favored an operation on the Southern coast. In October of that year Henry Cooke had written to his brother: "A warm and intimate

friend of mine. General Garfield, is to be assigned to a new department embracing southern South Carolina and Florida and he will cooperate with us in getting out cotton. Garfield is a glorious fellow and will do anything that is proper for us." But yellow fever broke out in that region and for this and other reasons the departure of the expedition was delayed. Thereupon the Washington house, without consulting Jay Cooke, turned its attention to some operations in vouchers and quartermasters' checks on the western military frontier. There were several men trafficking in supplies with their headquarters in Cincinnati and Louisville. A speculator named O'Hara was buying and shipping cotton, and F. W. Hurtt, who had followed Henry Cooke as the manager of the *Ohio State Journal*, was engaged in speculations which at length led to an investigation by General Burnside.

Jay Cooke did not approve of this kind of business. He was unwilling to be a party to any play upon the necessities of public creditors by buying government paper at a discount, while he believed that the purchase and sale of supplies, like the gold trade, shook men's loyalty to the nation. Although impelled to deplore reverses to the Union arms on patriotic grounds, defeats were invariably followed by advancing prices for produce, so that their sentiments became very unhappily mixed. Mr. Cooke therefore firmly and promptly ordered this business to stop, not without meeting the rather angry protests of those who had authorized it and were in the field actively engaged in it, prophesying its great profitability. After this experience his houses were never again identified with such classes of trade.

The oil affair which fell under Mr. Cooke's ban in the summer of 1864 became the subject of an animated correspondence. It seems that Mr. Moorhead had started an oil company called the "Story" company, in this time of general speculative craziness, and had entered Fahnestock's and Huntington's names for 500 shares, each at \$2.50 per share, for which they had respectively paid \$1250. While in Philadelphia during the "peace conference" it was discovered by Fahnestock that the stock was worth \$4.50 per share, at which price it was sold. At this time Moorhead spoke of another oil property called the "Rockwood," the stock of which was soon to be offered to the public at \$7 a share. It was so good a property, in his belief, that he was investing the money of widows and children in it for a profitable turn, and it was offered to Fahnestock at \$5 a share. The latter took 1000 shares for himself for division with a friend, 500 for Huntington and 1000 for the "oldest and best clerks" in the Washington house, Swain, Pearson, Colt and Garland, who with Jay Cooke's assent were to have had a hand in an earlier operation in bank stock, so that they might be more closely attached to the interests of the firm. The bank stock was not obtained and there was resort now to oil.¹ Fahnestock, after his fashion, resented the criticism in vigorous terms. "A scolding from you," he wrote, "has more weight than from any other person." He thought there was nothing in the copartnership to make such action in any way improper. "For the life of me," he continued, "I cannot see in this anything in the slightest degree wrong or anything requiring you to 'protest

¹ Fahnestock to J. C., Sept. 9, 1864, and H. D. C. to J. C., Sept. 10, 1864.

against these wild cat operations' and to assure me that 'these things shall not be done any longer.' Nor anything to foreshadow in any way that we are to 'swamp and ruin you.' Now for goodness sake tell us just here and let us understand it whether we are to have any right of making any money beside our annual dividends in the bank and office, whether if we happen to have any money of our own we can use it in any way we think profitable," etc., etc. Fahnestock then gave Mr. Cooke a full account of his private affairs. He owned no stock except this, the Washington bank stock and 14 shares in the Washington Railroad. He had "never lost any money," he said, and knew his obligations as a partner never to "speculate," *i. e.* to buy or sell that for which he could not pay.¹ Huntington made a similar but more apologetic answer to Mr. Cooke for his part in buying stock in the oil companies. In January, 1865, Mr. Cooke still had this transaction in mind and thought of it continued to annoy him, whereupon Fahnestock asked him to sell the whole lot of 3000 shares of "Rockwood," if he would like it better, and offered to send to Philadelphia a full statement of the firm's investments.

A little later Mr. Cooke took his Washington partners to task for their supposed connection with an oil company which was being promoted by Simon Cameron. An agent of the concern came to the office and said that Cameron desired Henry Cooke or Fahnestock to serve as a director. They positively declined, although they were to be presented with one thousand shares of the stock free of cost for the use of their names. In spite

¹ Letter of Sept. 2, 1864.

of this refusal the agent stopped again in a few days to say that General Cameron had assumed the responsibility of placing the name of Henry Cooke beside his own on the list of directors. It was soon published in the advertisements, and when the news reached the ears of Jay Cooke he at once called his men to account.

“Not one out of twenty of the ‘respectable’ oil companies are really worth the paper they are printed on,” said he. “If I am not to know what ventures my junior partners propose to make, what means they propose to withdraw from the firm or borrow outside (which is the same thing), or in other words what departures are proposed from the strict and legitimate course of business, why I wish to know it. It is my right as I understand the ordinary nature of such a partnership as ours.” He was not long in receiving a full explanation of the facts. The junior partners were resisting “the most pressing and tempting overtures daily and almost hourly from a thousand different sources,” Henry Cooke wrote. General Cameron was to be told at their first meeting that the name must be taken out of the list of his directors, and thus ended this incident. Whether fully deserved or not, these verbal castigations probably conveyed good lessons to the minds of young men for whose acts Mr. Cooke was responsible at a time when the buying of shares in “wild cat” companies was the bane of honest business life.

Jay Cooke was displeased also with the state of affairs revealed in his Washington office when his brother went abroad in the summer of 1864, though he reserved his criticisms for a more suitable season. Fahnestock thought Henry Cooke “an elegant fellow,” but he was

“liable to be misled by specious propositions from designing, unprincipled or speculative characters, in the latitude of Washington as thick as autumnal leaves (only all the year around).” His political life had made “his acquaintance almost unlimited,” Fahnstock continued, “and many of the persons embraced were of course unworthy of confidence and always ready to take advantage of a generous nature and big heart like his.”¹ Henry Cooke justified his political expenditures by his brother’s “willingness and authorization to give almost any amount of money to promote Chase’s success,”² but upon his return his influence in the firm was for a time not so potent as it had formerly been.

A large sum of money was needed, too, to discharge his old California debts. As he became widely known in financial circles the demands of the men with whom he had been unfortunately involved on the Pacific coast fifteen years before were insistent. They knew that he (or Jay Cooke) could pay them, so they made their claims as large as possible and pressed them stubbornly. About \$90,000 were used in wiping out these old scores.

To relieve the pressing necessities of the Department and clear himself of some of the accumulating requisitions Mr. Fessenden supplemented his 7-30 and the continuing 10-40 sales, both proceeding very slowly, with an offer of another lot of the new 81s, and Jay Cooke headed a combination to take about \$25,000,000 at 104.03, almost equal to the average price at which the sales were made by Chase. The bids reached a total of nearly \$70,000,000, and as only \$32,000,000 remained

¹ Letter of Sept. 12, 1864.

² *Ibid.*

to be distributed, it was not necessary to honor any offers under 4 per cent.¹ Fahnestock said that he would rather pay ten per cent. premium for a six per cent. bond than par for a five per cent. bond, a remark indicating the temper of the people as well as of bankers at this time and sufficiently well explaining the failure of the ten-forty operation. While it was thought by his brother Henry that this large bid at a premium higher than was offered by the New York houses would strengthen Jay Cooke with the new Secretary of the Treasury, the Philadelphia banker was still displeased with the Department's attitude in some important particulars.

Henry Cooke had returned home full of his foreign loan plans. While abroad he had visited bankers in Paris, Frankfort and other European cities, making some trifling sales and wishing for the authority to effect larger ones. He now broached his ideas to Fessenden, Harrington and "Governor" Chase, who was in Washington for a few days in mid-September visiting his successor in office and making calls upon Stanton, Lincoln and his late colleagues in the administration. Henry Cooke wrote that the government must have "a certain and constant supply of money" and "that speedily or matters will come to a deadlock." The Secretary must have it "in much larger amounts and more rapidly than it can be furnished from home capital and must look abroad."² Mr. Fessenden, Henry Cooke continued, "is very anxious to place a large amount of bonds in Europe with a view to reducing the rates of gold and

¹ Fessenden's Report of December, 1864.

² Letters of Sept. 14 and 15, 1864.

exchange, and to relieve the home market of any surplus it may have of short securities by creating a demand from abroad for the longer ones. . . . My proposal is to take the bonds of the government and to pay for them as received, then to sell them in Europe, the government to guarantee us against loss by reason of a fall in exchange or gold. The amount so paid by us might be treated as a temporary loan to the government until the bonds were actually disposed of and we were reimbursed from the sale of the bonds; the profits arising from such sale to be ours in lieu of commission for doing the business. Mr. McCulloch thinks the Secretary will have to look to some such arrangement as a better alternative than to formally offer a loan in the European market. Harrington also favors the plan.”¹

An invitation to Jay Cooke to come to Washington to discuss this subject took almost the form of a command from Mr. Fessenden and “Governor” Chase, but the banker declined it, and on September 16th peremptorily. On September 17th Henry Cooke wrote:

Dear Jay:—Yours of yesterday from Philadelphia declining to come to Washington is received. I was very much inclined to read it *verbatim* to Governor Chase but contented myself with stating its contents to him. He said he appreciated your motives and that you were perhaps right; at all events he should not further urge your coming. The reason he wanted you here was that on a full comparison of views Mr. Fessenden could better determine which of one or two plans for foreign loans he should adopt. He has fully made up his mind to employ us in such loans on the ground that we have more experience in them and have heretofore been more efficient than any other parties. His

¹ Letter to J. C., Sept. 13, 1864.

necessities will not allow him to delay long in coming to a conclusion and your presence would have aided him materially. I don't like to conclude any arrangement without your entire concurrence nor even to make or entertain any propositions. So I have concluded to make my Sandusky trip with you and when we return we can fix up our arrangements with the Secretary. By that time he will be prepared to make his proposition definitely. There has been some talk of Governor Chase's return to the Treasury Department. It is not impossible in the event of Lincoln's re-election. Governor C. is not averse to the idea but feels in regard to Mr. Lincoln a good deal as you do towards Mr. Fessenden — that the overtures should come from Mr. Lincoln.

On September 20th Jay Cooke wrote to Chase:

So far as you are concerned I know your feelings towards me and were you alone concerned I should have gone at once, but I am aware that as matters stand at present I cannot properly, or with any due regard for my own self respect, push myself upon Mr. Fessenden's notice, so far as financial matters are concerned, although I appreciate fully his expressed and favorable opinion of my services in the past and I believe also that he has the fullest confidence in me and in our firms. Yet he expressed to me at our interview in Washington a sentiment that has hurt me ever since and to this effect: that he thought it right to say to me that he could not think of engaging in any business negotiations with our firms. As such matters had in the past been animadverted upon so constantly by the press and various parties disadvantageously to the Treasury (as I interpreted it) he thought it best to steer clear of anything that could be found fault with. I hope he has succeeded. . . . I thought it cruel after all my hard night and day services, which as far as I know my heart were as disinterested and patriotic and pure as earth ever saw, to be thus insulted by Mr. F. I promptly assured him that I never, and did not then seek any favors of the government. I had done all for my country's good, and would continue to endeavor to do my share towards supporting the government finances. If he wanted to avail himself of my experience he could

have it at any time and without reward or expectation of any return from him; and so we parted good friends. . . . I know just what ought to be done and could in one week put the machinery in motion, and save our finances from utter ruin.

In the meantime the 7-30s, although they had started off with a spurt, were not going out at a very favorable rate, due, Mr. Cooke's Washington advisers thought, to the Department's treatment of the loan. Suspended requisitions had reached a total of \$130,000,000.¹ Some of the officers and soldiers consented to receive their pay in the new notes and many millions of Mr. Chase's five per cent. legal tender notes were redeemed in and exchanged for the 7-30s, an operation which was doubly useful in that it converted a debt soon payable into later maturing obligations, and withdrew from circulation a large amount of price-inflating currency. In producing new income the 7-30 issue, however, had been, thus far, without important effect. Mr. Fessenden had one more resource, the \$200,000,000 bond issue which was authorized on June 30, 1864, in the law creating the new seven-thirty notes. The five-twenties were still a popular issue. The manner in which they had been taken by the people was fresh in the public mind and they continued to sell above par. The law of June 30, 1864, had given the Secretary great latitude and the term could be fixed at from five to forty years. This opened the way for another issue of five-twenties. Just as Chase had determined to increase the outstanding amount of the popular 81s Fessenden resorted to a plan to trade upon the reputation of Mr. Cooke's great loan. On October 1st the Treasury Department adver-

¹ Fessenden's Report of December, 1864.

tised for proposals for \$40,000,000 of the new five-twenties. Mr. Fessenden was now ready to try an experiment in advancing values earlier urged upon him, and he agreed to receive one-fourth of the subscriptions to this loan in certificates of indebtedness, thus clearing the market of a considerable amount of this kind of depreciated paper. The Washington office of Jay Cooke and Company sent circulars to every bank and banker in the country and similar efforts were made by the Philadelphia house, but there was little response. Combining their orders Jay Cooke made a bid at a price which led the list, but the premium was inconsiderable. There were now coming to be so many issues of bonds, notes and certificates that, as Fahnstock remarked, it was difficult for bankers "to keep track of them," and for the people at large the prospect was bewildering. Mr. Cooke's men thought that to offer a new loan at this time was a serious blunder. They urged that the Secretary should reject all bids below one per cent., but the entire \$40,000,000 were awarded in time for him to congratulate himself upon the success of the operation when Congress met in December.¹ The additional issue carried down the old five-twenties and it was made very clear to every observant man that no more loans could be offered for bids except at great national sacrifice.

The alternatives, as Henry Cooke stated them, were a foreign negotiation of which he still had the warmest hope and a six per cent. gold loan distributed by popular subscription. Mr. Fessenden was being argued out of the foreign loan idea, Henry Cooke thought by his New

¹ See his report of 1864.

York advisers, and the Treasury was face to face with a problem which its chief seemed to be in no haste to solve. It must be remembered that this disturbed time covered a presidential campaign, perhaps the most ominous the country has ever seen, and criticisms of the chief financial officer of the government for tardiness in the payment of debts and indecision in the framing of his policies should be carefully made.

In this season of gloom and uncertainty Jay Cooke again came forward very prominently and by a bold act electrified the financial community. The new fifties met an unresponsive market and no more of them could be disposed of at a premium or even at par. One day while the re-election of Lincoln was still in doubt the Philadelphia banker was in Washington looking after the interests of his house when he met John A. Stewart, who had just been appointed Assistant Treasurer at New York to succeed John J. Cisco. Mr. Stewart was very friendly to Mr. Cooke and earlier in the war they had together passed through several negotiations with mutual satisfaction. Mr. Stewart expressed surprise at meeting the Philadelphia financier and asked him if he had seen Secretary Fessenden. Mr. Cooke said that he had no business to transact with the Secretary.

"Well," said Mr. Stewart, "the Secretary wishes to see you."

"If the Secretary wishes to see me and will send for me," Mr. Cooke replied, "I will take pleasure in calling upon him."

Thus they parted and a little later Mr. Stewart returned with an invitation for the banker to come to the

Treasury Department. Mr. Cooke at once responded. The Secretary spoke of his financial straits, explaining the accumulation of quartermasters' vouchers and the immediate needs of the army. He had lately visited New York to sell a \$10,000,000 lot of bonds and was unable to get an acceptable offer.

"What do you want for them?" Mr. Cooke inquired.

"I want par and your commission will be the accrued interest," the Secretary answered.

"I will take them myself," said the banker in his inimitable way. "I will take three millions at once, and you can give me an option on the rest of the ten millions, which I will close after a visit to New York."

Such a fearless spirit greatly invigorated the Secretary, who, grasping Mr. Cooke by the hand, said:

"I have heretofore thought you a protégé of Mr. Chase, but I now see that he was your protégé."¹

Jay Cooke's re-entry into the five-twenty loan operations was widely heralded and, coming as it did with the news of Lincoln's triumphant re-election, confidence in financial circles was sensibly increased. "We need not urge upon you the importance of giving an affirmative response to the option of the whole ten if you can see your way clear," wrote Henry Cooke to his brother on November 7, 1864. "If this is successful other and more important negotiations will follow. Of this we are assured. We feel that now is our chance." The next day, November 8th, Henry Cooke wrote: "We are anxiously looking for the effect of the election upon

¹ This incident has been described in various apocryphal ways in the newspapers for the past forty years, but the above seems to be nearly accurate. Mr. Cooke himself told the story in about this language, and the facts are borne out by the correspondence for this period.

loans and earnestly hoping that you will, if necessary, strain a point to take the whole amount proposed by the Secretary. We know that he is himself almost as earnestly hoping for your success in this matter as we are, for he wishes to base upon that success a justification in his own mind for greater confidences yet to come. He has tried others and found them wanting in that patriotic and unselfish purpose which you have shown, and wanting moreover in the vim and energy and tact to carry through great undertakings. If this present undertaking be a success it will be the gateway to other vastly more important successes."

The fate of the operation was never in any kind of doubt from the time Jay Cooke left the Treasury Department until he met the New York bankers in the office of Fisk and Hatch. He told them that they must take these bonds from him, that the government needed the money and that he intended at once to raise its credit and provide it with funds. He had come from Mr. Fessenden with ten million dollars' worth. He would keep three millions for himself, apportioning the rest among the bankers of New York City. Such methods were again electrical. Mr. Cooke then entered the market with all his practiced agents to manipulate government securities into greater value and in a short time bonds were readily distributed to the people. On November 14th Henry Cooke wrote to his brother Jay:

I had a most gratifying talk with the Secretary to-day. I took over some of your letters together with quite a pile of telegrams from parties bidding for bonds, giving our answers and showing him quite in detail how we had managed to make these big sales, and still to run up the market price by going in occa-

sionally as buyers. He was delighted and when I showed him the last quotations he said he was much gratified that we were working them off at such a good profit. I told him we did not realize all the profit the outside quotations indicated, but that we gave the dealers to whom we sold a part of the apparent profit, thus insuring their zeal and activity. "Well," said he, "you earn all you make and I don't begrudge it. . . . Now," said he, "I want to continue sales of governments through you. If you can furnish me steadily one million in money per day besides the proportion of certificates I will not have to look elsewhere for money and would greatly prefer to rely solely upon you folks for all I want." I assured him that we could furnish the amount desired and that you had a plan which you were confident would work. He asked me in reply to ask you to come down to Washington as soon as possible to talk over further arrangements for the future. I told him I would write you to-night and that you would come down as soon as we had worked off the present ten. I thought we would finish up our sales to-morrow and you would come the next day. He wants us to go right on with another \$10,000,000, but says we must first agree upon the price which shall be a fair one for us, so as to leave us a good margin.

There was in New York at this time a Morris Ketchum, whose firm was Ketchum, Son and Company. His importance seems rather deeply to have impressed Mr. Fessenden and it was predicted that he would become a rival of the Philadelphia banker as a war financier. This firm had been a bidder for the 81s when they were offered in September, although the price was only 3.75.¹ He and "Uncle" John Thompson headed the "New York crowd" in bidding for the first \$40,000,000 of the new five-twenties, although their tenders were low. Ketchum often visited Washington and he loomed large in Mr. Fessenden's eyes as a factor in

¹ Fahnestock to J. C., Sept. 9, 1864, and H. D. C. to J. C., Sept. 10, 1864.

government finance. He was "a selfish man" who had not acted "as if his heart was in the success of our national finances," wrote Fahnstock to Jay Cooke, and this view in due time was corroborated by a succession of rather painful circumstances.

From the beginning Mr. Cooke was not pleased to be associated with Mr. Ketchum, but he found that he was obliged now to face the alternatives—a joint operation, or no participation in future sales of the five-twenties, for which he had created a market by his own exertions. He extended his hand to the New Yorker, assuming that the latter's patriotism was equal to his own.

On November 18th Fessenden wrote letters essentially alike to both bankers, beginning as follows:

The condition of the Treasury imperatively demands that immediate arrangements shall be made whereby monies may be provided beyond the ordinary receipts to meet the accumulated and accumulating requisitions in this Department awaiting payment. To meet future accruing liabilities, including the maturing certificates of indebtedness, there must be provided from loans at least one and a half millions per day. I am extremely averse to the issue of more currency. I am also reluctant to increase in any great degree the volume of gold-bearing bonds. The record of the late loans shows that increased depreciation follows every loan put upon the market for public competition. I do not feel myself justified in continuing such a course until I have exhausted every other means at my command, and am constrained to look at a currency interest bearing security as a means by which to replenish the Treasury. There are grave objections to the issue of any new description of bonds with currency interest, and moreover I am impressed with the opinion that the seven-thirty three year notes, with the advantages of a high rate of interest, and convertibility at maturity into long six per cent. gold-bearing bonds, is the best form of currency interest security that can be put on the market, and that by a

concentrated effort the subscriptions, now averaging only three or four hundred thousand dollars per day, and decreasing, may be stimulated to a degree sufficient to meet with the receipts from ordinary sources the current demands upon the Treasury.

Both bankers visited Washington to confer with the Secretary. They afterward met in Philadelphia and continued their negotiations in New York. It was proposed by Mr. Fessenden that they should jointly manage the sales of the five-twenties and, as Mr. Ketchum believed, take the agency for the seven-thirties which was likely soon to be established.¹ The five-twenty proposal covered \$25,000,000 and the offer was 102, one-fourth payable in certificates of indebtedness. The agency offer for the seven-thirties was on the basis of a commission of one per cent., made admittedly with the intention of falling a fraction to meet the views of the Department. The two propositions were discussed side by side for a fortnight. On November 24th Fessenden, McCulloch, Harrington and Henry Cooke were in consultation for several hours with the letters of Jay Cooke and Ketchum before them. Henry Cooke reported the results of this meeting in his letter to his brother, dated November 24, 1864, as follows:

I cannot of course give you in writing the details of our consultation. In the course thereof Mr. F. stated that he had mainly three points to consider — first, the rate at which we took the bonds being $2\frac{1}{4}$ to $2\frac{1}{2}$ below market quotations; second, the charge of one per cent. commission for the 7-30 agency

¹ "In a letter from Mr. Fessenden, dated the 18th, he says, 'Your friend Jay Cooke has rendered me and himself a substantial service by his courage and sagacity, and I am looking to him for better things.' These words gave me quiet pleasure. You say, 'Mr. Fessenden seems disposed to try the old agency.' I have constantly urged it. I had, as you know,

when his predecessor allowed only three-eighths; and third, whether he could get the needed money by any other means. The last point he considered settled—the plan proposed the only feasible means he knew of to get the money. The first and second required further consideration. In regard to the one per cent. allowance on 7-30s he says the law authorizes only one per cent. to pay all expenses, including the engraving and printing of the bonds. This and the cost of distribution must be deducted and he was inclined to allow you the balance of the one per cent. This will leave us at least (we figure) $\frac{7}{8}$ per cent. Telegraph me in the morning if I may modify your proposition in this way. He will do no better, I am sure. Concerning the sale of the 25 millions five-twenties he says he would not be disposed to receive in payment more than one-fifth instead of one-fourth in certificates of indebtedness. He is firm on this point if he lets us have the bonds at 102. He will probably propose to-morrow morning to allow us commissions on 7-30s as above suggested and to sell us the \$25,000,000 at 102, one-fifth payable in certificates. This is the substance of his intimations, but he was not prepared, he said, to close to-day, as he wanted to consult further with Harrington and McCulloch, who will without doubt advise the programme named. Of course I could not press the matter further. The pros and cons were fully discussed, all objections and difficulties were met and I think answered conclusively. I feel more than ever anxious to close the matter to-morrow for, from what Fessenden says, if there are great delays in bringing it to a close the public will be in possession of news which will render a negotiation on the present basis very doubtful. The news from Sherman within the next few days will give bonds another hoist.

The next day, November 25th, Henry Cooke wrote:

To-day Mr. McCulloch and Mr. Harrington sent for me, the Secretary having reserved his decision until he consulted with me. I made up my mind to return to it before I left the Department, and have often said so to him. If you are willing to resume it I hope he will.”—Chase to Cooke, Nov. 24, 1864. Fessenden's letter is in the Chase collection of the Pa. Hist. Society.

them. Both agreed that the law did not authorize him to pay more than one per cent., including all expenses, printing, expressage, etc., which they fixed at one-fourth per cent. I satisfied them that this estimate was too high and that these expenses would not exceed one-eighth per cent. at the most. Mr. McCulloch thought the Secretary would find it very difficult to justify the payment of so high a rate of commission as that proposed, which he said was double that allowed by Mr. Chase in the 5-20 loan, while the government assumed in addition the cost of sending the bonds to subscribers. To all this I rejoined that you never had been paid in that loan the commission to which you were entitled, and that you had uniformly said that you would never undertake the same work again for anything like the same commission — that you were firm in the determination not to undertake another negotiation without a fair compensation, and that the price named was not too high, considering the fact that you would have to continue the existing allowances of one-half and then divide what was left to you of commissions with another party. On this point McC. finally settled down upon this — that he should advise the payment of $\frac{7}{8}$ on the first 25 million and $\frac{3}{4}$ on the balance. In regard to the 25 million 5-20s McC. argued that the price named (102) was too far below the quoted market value of the bonds and that in the face of a rapidly advancing market the Secretary could not justify himself before Congress and the country for selling privately so large an amount at such a discount. In answer to this I reminded him of the risks we assumed; if we had good news from Sherman or elsewhere gold would tumble and, if it fell very heavily, it might cause the bonds to decline also 2, 3 or even 4 per cent. The margin I claimed (only 2 per cent.) was as small as any prudent business man could dare to risk in a transaction of such magnitude. While admitting the chances of a handsome rise in the bonds, there were also perhaps equal chances of a fall. The government could not sell five millions of these bonds without producing an instant and serious decline, and the sum we proposed to take was so large that we could not ignore the probability that before we had

disposed of it something of the operation would leak out, and we might be caught with a large portion of the amount with a decline in the market even below that at which we took it. Besides I reminded him that the quoted rates were the retail and not the wholesale rates; that we would be obliged to put out the loan in large blocks at rates considerably lower than the quoted rates; that if he or any one else were to offer to any one party even a million in a lump he could not get more than $2\frac{1}{2}$ or at most three per cent. for it, and if a larger sum were offered he would get still less, whereas we proposed to take the risk of 25 millions at only a safe and prudent margin. I said that in selling the ten millions we brought up the price to the present rate so that we could offer him two per cent. on 25 millions and that our sale of this 25 would probably still further advance the price, so if he should be compelled to sell more we could give him a still higher price. . . . Harrington here interposed that we could arrange to buy as we saw proper or necessary and the government would take the risk of such purchases by taking them from us in case of failure to sell them, allowing us our rates. I told them that this was so different from the programme, as we understood it, that I could not act without your concurrence and so left them, asking them, however, to see the Secretary at once and let us know his ultimatum.

To make this important record complete, Henry Cooke's letter to his brother on the next day, November 26th, must also be given: ¹

To-day we have had two interviews with the Secretary and telegraphed you his ultimatum. We have tried many other propositions, but he will listen to none except the one he proposes and which we telegraphed you, viz.,— We to sell the 25,000,000 5-20s at $\frac{1}{4}$ commission and to take the 7-30 agency at $\frac{3}{4}$ commission on the first 50 millions and $\frac{5}{8}$ on all after that; the commission to be allowed upon the entire issue of 7-30s, whether sold by sub-treasuries or otherwise, we allowing the

¹ On the same day Henry D. Cooke wrote a letter to Morris Ketchum reporting the result of his conferences in a more general way.

commissions paid by sub-treasuries and also to be entitled to commission on all sums paid out at par, if any, to army and navy, though it is not the intention to pay out any in that way.¹ Mr. McCulloch has advised this and relying on this advice the Secretary is firm and immovable. We did not decline your proposition, but held it for your decision. In the proposed commission sales of 5-20s we stated to the Secretary that if we undertook them we should manage them as we did the sales of our own 10 million, that is, trade them off for certificates and 81s and sell them in blocks below the quoted market retail price, and take them ourselves in blocks at a margin that would make us safe, and on joint account with other parties in order to induce them to take. The Secretary saw no objections to this; but we do. We feel that in our fiduciary relation to the government we must get the highest possible price for the bonds, and in all bonds taken on our own account we lay ourselves liable to the charge of paying the government less than we received for them at subsequent sales. As dealers in these securities we have a right to buy them, of course, but such purchases will be misconstrued when taken in connection with our relations to the government as agents for the sale of the bonds. One of the alternative propositions which we made to the Secretary was that he should fix a price at which he would sell say 5 millions, and when that was sold for another 5 millions, and so on until the whole 25 were sold. In this connection we suggested that we might take five or ten millions at a safe margin below the price on the day our first proposition was made. On that day the quotations were from $3\frac{3}{4}$ to 4, but he could not entertain any other plan but that which he proposes. The five-twenties he will deliver only on payment of the money or (which he considers the same thing) the certificates of deposit of the national banks. Now, my dear brother, you must not think it is any fault of ours that the negotiation has taken its present shape. We feel confident the Secretary was prepared to accept our proposition in reference to the 5-20s and to allow us at least

¹ The arrangement could be terminated by either party after notice of sixty days.—H. D. C.'s letter to Ketchum.

$\frac{3}{4}$ on the 7-30s, but McC. has convinced him that he ought to do no better than he proposes, and we can't make him change the determination.

Mr. Cooke was satisfied with the arrangement in regard to the 5-20s except that he was not glad to have Ketchum associated with him in the operation, although this point was not now raised in the negotiations with the Secretary. He remonstrated with his partners against the reduced rate of commission for selling the 7-30s because he was planning a campaign for these notes which, being expensive, would require a large government allowance.

The joint feature of the operation was destined to be eliminated without much further ado. Ketchum was accused of an effort, either alone or in conjunction with other dealers in New York, to depress the market preparatory to making on his own account an offer for twenty millions more of the bonds at 105 through Assistant Treasurer John A. Stewart. The Secretary of the Treasury was disposed to accept the bid. He was told by Jay Cooke's men in Washington that the decline in 5-20s from $107\frac{1}{2}$ to 106 on November 28th and 29th was undoubtedly due to the manipulative tactics of the New York negotiators. While Mr. Cooke was endeavoring through all his agencies to raise the price of the bonds in order that they might yield the government as large a return as possible the Department itself by encouraging the thought that sales would be made to others was depressing the market. The Secretary was shown the danger of such competitive movements, and in order to get the twenty millions out of the field Jay Cooke proposed to Ketchum that they

should unite to take them. This the New York banker refused to do, also declining to co-operate with Jay Cooke in the \$25,000,000 negotiations already in hand unless he were given a share in the 7-30 agency.¹

The efforts to sell the market down by Ketchum, or by what Fisk and Hatch called "the Exchange Place crowd," with a view to reducing the price for the twenty millions to 103 or 104, was firmly resisted by that house, and David Crawford of Clark, Dodge and Company, acting for Jay Cooke. They "stood firm as a rock and blocked his game," said Fisk and Hatch on December 2nd. "We believe that he and other parties are still largely short and that if holders are firm we can make them pay for it. It is absolutely essential to the success of the 7-30 loan, if that is to be relied upon in future, that the gold bearing bonds should be kept up. Our two neighbors on our side of the street (between you and us), are weak-kneed and do not stand up to the market as they ought to do. When you must sell, let us or Crawford know it, and we will try to put them out where the market will not feel them."

Mr. Cooke had been careful to meet Ketchum at the Sub-Treasury in Mr. Stewart's presence when the offer (105¼) was made for the twenty millions and word of Ketchum's refusal to take a hand in the operation was soon carried to Secretary Fessenden, thus preparing the way for important future events. The arrange-

¹ Letter of Morris Ketchum to J. C., November 28, 1864. Mr. Cooke's men in Washington predicted that Ketchum would "ruin the market" before he finished with it and spoke of his delayed remittances. They were "out of patience" with Fessenden's want of management, but did not publicly complain because they knew, they said, that he was really friendly to the house.

ments for a sole agency for the sale of the 7-30s were forwarded, too, by Ketchum's flatly declining to accede to the Secretary's ideas as to commissions, *i. e.*, $\frac{3}{4}$ on the first 50 millions and $\frac{5}{8}$ on further issues, while Jay Cooke had been careful not to refuse absolutely to act at these rates.

It must be confessed that efforts were shrewdly put forth by Mr. Cooke and his partners to induce Ketchum to declare that he would not sell the seven-thirties on the terms proposed by the Department. Jay Cooke had written him on November 26th, in regard to the subject in hand:

I enclose telegraph received to-day from Washington showing that the delay has worked badly. The idea of selling 5-20s at a price is abandoned and we are to have them, if at all, for a paltry $\frac{1}{4}$ per cent.—in other words, the Treasury is still following the old policy of saving at the spigot and letting out of a big bung hole. Millions are squandered in expeditions and iron-clads, but this great work of iron-cladding our national credit is cramped and made a failure, for what? Why because somebody may get a small percentage for the use of their brains, capital and influence. It's too bad, but what shall be done? You see he proposes $\frac{3}{4}$ commission on the first 25 or 50 millions 7-30s and $\frac{5}{8}$ afterward. It cannot be done for this and leave anything to divide—not at all without cutting down the expenditures too low for efficiency or the allowance to banks and others to a figure that will dissatisfy them. . . . I much prefer not to have anything to do with the 7-30 matter, if you will take it. At any rate, it would pay neither you nor me to take it on the terms proposed and divide with any one. . . . Are you willing to do it? If so go ahead. If you decline to join in it I will undertake it even if there is no profit, if you think best. The risks will be great and the one per cent. would only yield a joint account of $\frac{3}{16}$ to $\frac{1}{4}$, that is, $\frac{1}{8}$ each. At the lower rate I cannot see any profit, yet I will undertake it

alone or you can do it alone. I leave you to decide which shall do it.

In this as in later letters Mr. Ketchum was shunted away from the undertaking, and he was soon a discredited man at the Treasury Department. Fessenden himself, was still "unduly impressed" with a sense of the man's "power and importance," Fahnestock wrote, fearing that if he did not share in the operation he might "raise a howl." But through the influence of McCulloch, Harrington, Stewart and, best of all, Sherman who had several conferences with the Secretary, and the positive statement finally extracted from Jay Cooke at the ripe time that he would not act, if cramped by such an alliance, the thought of a joint agency was abandoned.

On December 2nd, Mr. Cooke wrote to Secretary Fessenden:

To please you I tried my best to work with Mr. K., but could not. I wouldn't do it for all the world. I wish to say nothing disrespectful or harsh of him, only that in my opinion any connection with him would so clog my movements, and chill my spirits, and lower my self-respect that my efforts to do a great work for you would be nearly a failure. He has his ways and I have mine. We totally differ in all things from beginning to end and after four days' patient trial I give it up as a bad job. . . . I really think you overestimate his influence and money power. New York is a large place and no dozen or twenty men combined can monopolize its influence and power. . . . Now let me assure you that so soon as the seven-thirty loan can be properly brought out, say ten to fifteen days, after I take hold of it exclusively, I can give you all the money you need from day to day and take all the care and anxiety off your mind. I do hope you will remain in the Treasury. If you will do so I know we can work for you, and make your big chair

a delightful seat, and give you such aid that financiering will bring you increased reputation and the prestige of great success. . . . What I want is that the 7-30 should be announced as the exclusive loan hereafter, and that it should be the loan into which the certificates of indebtedness now out should be absorbed, as they fall due, or sooner if possible, and that so long as it is successful it should run on even up to 1,000,000,000 (one thousand millions).

When Henry D. Cooke and Fahnestock dined with Sherman in his new home in K Street, on December 2nd, he said Mr. Fessenden had distinctly stated that he would make Jay Cooke the subscription agent of the government and the Secretary soon said so himself, asking Henry Cooke to telegraph to his brother to come to Washington at once.

Jay Cooke at this time was in Ohio, accompanying thither his mother who had been visiting him at his home in the Cheltenham Hills, and the summons could not be obeyed until his return. Then the Secretary had changed his mind. He was induced through New York influences to make one more effort to sell the seven-thirties through the national banks. On December 14th, Henry Cooke wrote:

"The more we think of it the better we are satisfied with the Secretary's determination to give the national banks another chance at the 7-30s. We ought to do all we can in perfect good faith to help the movement, and if it then fails it can't be said we have thrown any obstacles in its way. And meanwhile we should not give out any intimations of any expectation of failure on the part of the banks or of your being called hereafter to the agency."

On December 16th, John A. Stewart wrote Mr.

Cooke a confidential letter: "I have very little doubt that the Secretary will find it desirable to avail of your services as agent to move the seven-thirties. He has doubtless been compelled by the pressure brought to bear upon him to give the banks one more chance."

"The footing of suspended debt," as Henry Cooke said was "appalling." The requisitions on December 14, 1864, reached a total of 168 millions; viz., army pay, 59 millions; transportation and supplies, 100 millions; navy, 9 millions.¹ Nothing relieved the situation but the ten-forties which were taken with more avidity than ever before, being about to finish their career handsomely, and some further sales of five-twenties which Jay Cooke and a few New York bankers were still promoting.

Two events inject themselves at this point into the record of Mr. Cooke's life, the appointment of Mr. Chase to be Chief Justice of the United States and the death of Eleutheros Cooke. While the new Secretary of the Treasury was making his first report to Congress, the old was being appointed to the Supreme Bench. This occurrence was announced by Henry Cooke in a letter of December 6, 1864, when he wrote: "Governor Chase received a splendid compliment to-day from the Senate. When his name was sent in for Chief Justice, it was not even referred to a committee (the usual course), but he was confirmed unanimously. There was not a dissenting vote even from the opposition. We consider that we share in this triumph after all the abuse heaped on him and us."

They did share in the triumph for both Jay and

¹ Fahnestock to J. C., December 14, 1864.

Henry Cooke had used all their offices to bring about the appointment. Although the President had practically promised the post to Mr. Chase before he engaged to "stump" the western states for the Republican ticket, there was fear that Mr. Lincoln would change his mind under the pressure of those around him who had proven themselves so unfriendly to the "Governor" while he had been a member of the cabinet. It was suggested that Stanton might leave the War Department to go upon the bench. Jay Cooke caused such men as Henry D. Moore, Morton McMichael and George H. Boker to exert themselves in his friend's behalf. Chase himself urged the financier to take up the cause actively and despatch leading Pennsylvanians to Washington to speak to the President.¹ It was with deep satisfaction therefore that Mr. Cooke saw the business which had occupied so much anxious attention happily concluded.

The death of Eleutheros Cooke, who constantly felt and expressed the greatest pride in his son's private and public achievements, saddened the New Year. He found a father's and grandfather's joy in all his descendants. "They are such, take them all in all with their collaterals and sequents," he once wrote, "as no other old patriarch of modern times, within my knowledge, has ever been blessed with." But in Jay he had found as he said, "a favorite son, the consummation of his highest ambition." "It is a source of perennial happiness to me," he declared again, "to know that the whole country decrees that you have made yourself one of its foremost benefactors and that your very name is a tower of strength and financial power to the republic

¹ See his letter to Cooke from Cincinnati, November 16, 1864.

in this dark hour of its peril and tribulation." It is likely that none of his sons so well understood political matters of all kinds as Eleutheros Cooke. Certainly none was in the same manner grounded in constitutional law and the philosophy of government, fitting him for public life. The man who in Congress in 1832 and 1833 had so eloquently defined the nature of the government as a federal union, and studied political events with intelligence daily until his death was one somewhat apart from the people of his time. He saw the war nearly to its end and felt its tortures as it wrenched the nation in its grasp. He was seventy-seven and dwelt upon his declining powers, although he was essentially well and strong to the last, frequently visiting his sons in the East as they regularly and dutifully visited him in Sandusky. On December 16th, he had gone upstairs whistling a merry tune, and after retiring for the night, was suddenly seized with an attack, which the physicians diagnosed as congestion of the brain. There was some recovery, but Jay Cooke who had just returned to Philadelphia, after taking his mother home, was sent for again, and reached the bedside to be present at his father's death which occurred peacefully on December 27th.

Mr. Cooke's engagements soon called him back to Philadelphia. Comforting his mother with letters as he sped East, and after his arrival there, he again took up the pressing cares of his great business. The firm had never enjoyed a more prosperous year than that which was now closing. The net profits of the Washington house for 1864 were \$241,400.43. The partners divided \$230,000 among them, Jay Cooke receiving \$76,-

667; Moorhead, H. D. Cooke and Fahnestock each \$38,333, and J. W. Weir of Harrisburg, \$11,500, while "Old Patriarch Jacob" who took the Lord's tithe in all of Mr. Cooke's businesses was credited with \$23,000, which was to be devoted to commendable charities. A balance of \$3,833 remained, of which, on Jay Cooke's advice, \$3,000 were divided equally between H. D. Cooke and Fahnestock, the odd remainder being presented to William S. Huntington, of the First National Bank.

Mr. Fessenden's administration of the Treasury Department was now almost at an end. He had been re-elected to the senatorship in Maine, so that he was easy upon the point of his personal future, and he announced his determination of quitting the office in favor of Hugh McCulloch, whom he had urged as a suitable appointee at Mr. Chase's retirement. There was again some thought, born of a warm desire in the Cooke houses, that John Sherman might be the choice, while the suggestion was made in several newspapers, that Jay Cooke himself should be appointed, an impossibility of course in view of his relations with the government as a fiscal agent. "We don't want these scribblers to nominate us to the Treasury," Jay Cooke wrote his brother. "It is distasteful and does harm." Others favored Senator Morgan of New York, who had Seward's support. Sherman was not unwilling. On January 18, 1865, Henry Cooke said that in a conversation with McCulloch, he had learned that the Comptroller of the Currency who had made himself a considerable influence under Mr. Fessenden, could have the post if he wished it, and if the President were able

to provide for Judge Usher, also of Indiana, then at the head of the Interior Department. McCulloch told Henry Cooke that he did not care for the secretaryship, "yet he would rather take it 'than have it fall into the hands of a politician, who would use it for the purpose of controlling the successorship to Mr. Lincoln.' Afterwards he said he would like to have a trial of 'administering the Department upon strictly business principles just as he would a business firm or bank without reference to politics.' He deprecates the idea of a politician getting it. He mentioned in this connection, Robert J. Walker, whose appointment he said would be the worst that could possibly be made. He thought the papers ought to move in the matter against such an appointment, and suggested that you might set them going. I repeat his suggestion and of course you will do as you please in connection with it. I believe that if McCulloch were to make a move for the place he would get it, but he tells me that he don't want it, and would only take it to keep out such a man as Walker, or others of that stripe in the New York stock jobbing interest. I don't think Sherman stands much chance of it, first, because his position is such that he can't appear to be a candidate, and second because the politicians are opposed to it as a move strengthening the family too much, and they are beginning to be afraid of General Sherman (an absurd fear), as a presidential candidate. Fessenden favors McCulloch and the President feels the same way personally."

Mr. Cooke did not share this view. "I think it would be a terrible misfortune to take McCulloch as Secretary of the Treasury," the banker wrote at this

time:¹ "I have a poor opinion of him. He is not the fittest man for the place. His ideas are not right. He seems to be wanting in patriotism and faith. His calibre is as a bank officer—no higher. He is wanting in faith in regard to the national banking system, fears it will go to ruin, etc. etc. . . . His views of our finances are too gloomy. The times require a sanguine man and not one who is always croaking and expecting a breakdown. Prudence killed General Butler at Fort Fisher, and sanguineness gave us the great victory. We cannot save the finances unless a bold, cheerful, hopeful, sanguine view—a brag view is taken of our condition. The people must be encouraged, not depressed."

Convinced that he himself could not well obtain the place, Sherman seems to have turned his influence to Senator Morgan. "By doing so," said Henry Cooke, writing on January 19th, "he secures his permanent friendship. He says Morgan is a clear-headed, bold and vigorous business man, not tied up to a clique, and independent and fearless. We think he would make a better Secretary than McC."

"The Secretaryship should go to John Sherman," Jay Cooke wrote his brother on January 21st, "McC. is not fit for it; neither is Governor Morgan or R. J. Walker. Sherman could get it. Dennison could go to the Senate, Fessenden back to his committee." Despite his strong feeling upon the subject, Mr. Cooke advised his Washington partners "to keep out of the fight," and they did so, in the meantime again bringing Fessenden to the point in regard to the 7-30 agency at which he seemed

¹ To H. D. C., Jan. 18, 1865.

to be in December. The 7-30 subscriptions through the national banks were disappointingly small, as could have been foreseen. On January 9th, Henry Cooke wrote that the total sales to date were \$115,000,000, about \$20,000,000 of which were distributed to the soldiers in lieu of cash payments. The daily sales during the past month had averaged about \$600,000. On January 12th, the subscriptions were only \$500,000 and the Secretary said he would wait a few days longer, when if they did not improve he would establish the agency. A statement of the sales of 7-30s and 10-40s at Jay Cooke's Philadelphia and Washington houses, and at his two national banks, the First National of Philadelphia, and the First National of Washington, was prepared for the Secretary, showing larger footings "than any other two or three parties in the United States,"¹ and he was not allowed to forget that there was a way out of his many difficulties. The New York national banks, especially "Uncle" John Thompson's First National and Orvis's Ninth National, which with Ketchum and his influences had defeated the plans for organizing the agency in December, were still actively antagonizing Mr. Cooke. They were giving their country customers as high as 7-16 of the one-half of one per centum allowed as a commission, and making every effort to surpass the Philadelphia totals. On February 26th, the sales of 7-30s at all points aggregated \$1,250,000,² and they rarely exceeded this amount. The decision at the end was suddenly made, and the power conferred upon Mr. Cooke was in practically the same terms which were

¹ H. D. C.'s letter of January 12th.

² H. D. C. to J. C., January 26, 1865.

agreed upon, when Ketchum had wished to have a hand in the operation.

For several weeks there had been pending in Congress, a bill to allow the Secretary to issue in 7-30 notes, a larger proportion than one-half of the \$400,000,000 which he was authorized to borrow by the law of June 30, 1864, and to stop the new emission of the gold bearing 5-20s. When this bill was passed Mr. Fessenden, took the step which had been so long delayed. He told Sherman that "he had given the present plan a fair trial, and it did not work satisfactorily, and that by starting the agency before going out, he would relieve his successor of all responsibility in the premises, while he himself, would be on the floor of the Senate to defend the policy."¹ The paper making the appointment read as follows:

TREASURY DEPARTMENT,

January 28, 1865.

Sir:— You are hereby appointed the general agent of this Department for disposing of the loans of the government. You will from time to time receive instructions, in which instructions will be named the compensation to be paid to you for the specific duties you may be called upon to perform.

I am very respectfully,

W. P. FESSENDEN,

Secretary of the Treasury.

JAY COOKE, Esq.

Philadelphia.

This brief commission was followed by a longer letter:

TREASURY DEPARTMENT,

January 28, 1865.

Sir:— Having this day been appointed the fiscal agent of this Department you will prepare yourself to assume the duties of

¹ H. D. C. to J. C., January 23, 1865.

general agent for the disposition of the 7-30 loan and commence your operations on the first of February next.

The necessities of the Treasury require that at least two millions of dollars shall be daily realized from the sale of the 7-30 notes and it is expected that after sufficient time shall have elapsed to enable you to complete your arrangements this sum will be the minimum amount of daily sales.

When this loan was first put upon the market the several national deposit banks were made agents therefor and the commission allowed was one-fourth of one per cent. on the amount disposed of by them respectively, the Department assuming all expenses of advertising and otherwise necessary in making the loan known to the people.

My expectations not having been realized, as a further stimulus, all banks and banking associations and other persons or parties were invited to act as agents of this Department and the maximum commission offered was increased to one-half per cent. The amount of daily sales, I regret to say, falls far short of the necessities of the Treasury.

My faith in the willingness and ability of the people to supply the government on fair terms with the monies necessary to carry on the war and suppress the rebellion remains unchanged. The form of the loan now offered to them is in my opinion the best that can be devised for present emergencies, and it must be only necessary for the people to become familiarized with its advantages to induce an investment of their surplus earnings therein; which surplus if so applied would with the receipts from ordinary sources be quite sufficient to enable the government promptly to pay our soldiers and meet all other demands consequent upon the war.

Your success in popularizing what was known as the 5-20 loan prompts me to take advantage of the same machinery to bring before the people the advantages of the 7-30 loan. The Treasury must be supplied and the demands upon it are of so imperious a nature as to forbid further delay or further experiments.

The commissions to be paid you will be at the rate of three-

fourths of one per cent. on the first fifty millions disposed of, and five-eighths of one per cent. on the second fifty millions, and for the balance of the loan if successful the rate of commission will be fixed hereafter. This commission, it is distinctly understood, must cover all expenses of advertising, clerical force, exchanges, travelling agents' commissions, allowances to sub-agents and all other expenses which may be necessary to the successful disposition of the loan, including your own compensation. The Department simply undertakes to deliver the notes on the lines of any railroad by express at its own cost. No notes will be delivered until the monies therefor have been paid into the Treasury and the certificates of deposit received at this Department.

You are expected and directed to allow to sub-agents now employed by the Department, until otherwise instructed, the same rates of commission as are now allowed. You are further expected to advertise generally in the papers of the United States to make the advantages of the loan properly and thoroughly understood through the public press, and by circulars and other means direct the attention of the people thereto; and also to appoint such number of sub-agents as will enable you to present directly to the people of each locality the claims which the government has upon them and the benefits to be derived from their investment in the loan placed under your charge.

Should the Secretary think proper to suspend your agency at any time he will do so at his discretion; but if this should be before the first fifty millions shall be disposed of for any cause other than want of success in accomplishing the object of such agency, or misconduct on your part, any proper expenses you may have incurred beyond the percentage received for so much of the loan as may have been disposed of and a fair remuneration for your services will be paid by the Department.

It is to be further distinctly understood that the rates of compensation for your services and expenses hereinbefore named, are liable to be decreased in case the amount appropriated by the act of June 30, 1864, shall not be found sufficient to meet the same with the other necessary expenses enumerated in the

ninth section thereof, to such an extent as may be found necessary in order to bring the whole of said expenses within the amount appropriated.

It is my desire that the government shall rely entirely upon loans and taxation to meet future expenses. The volume of gold-bearing loans is as large as the present convenience of the Treasury will permit, and I trust it will not be necessary hereafter to resort to bonds or Treasury notes bearing other than currency interest.

Your utmost energies will be required in this behalf and I shall expect to see the result of your efforts in the immediate increase of receipts from this source.

I am very respectfully,
W. P. FESSENDEN,
Secretary of the Treasury.

JAY COOKE, ESQ.,
Fiscal Agent,
Philadelphia, Pa.,

To these letters Jay Cooke replied, accepting the appointment in the following terms:

WASHINGTON, Jany. 28th, 1865.

Sir:— In accordance with the terms of your letter of this date I resume the General Agency for the sale of government loans, my sales of seven-thirty Treasury notes to commence on the first day of February next, continuing existing arrangements with national banks and sub-treasury agencies, and allowing to and through them the same commission now paid to and through them by the Department.

Out of the allowance made to me upon all sales I shall apportion commissions and such sums for advertising and other expenses as in my judgment may best advance the loan by stimulating sales. The allowance is understood to be three-fourths of one per centum upon all seven-thirty notes disposed of or issued by the Department up to the amount of fifty millions of dollars and five-eighths of one per centum upon all amounts disposed

of or issued by the Department in excess of that sum not exceeding one hundred millions in all, the rate for sums beyond that amount to be fixed hereafter.

Daily reports of subscriptions with names and addresses of subscribers will be furnished in order that the notes may be forwarded by the Department as at present.

Assuring you of my earnest determination to omit no effort necessary to the accomplishment of the work you have entrusted me with, I am,

Very respectfully,

Your obedient servant,

JAY COOKE.

Mr. Cooke's first act after receiving his appointment was to prepare and send out a circular to banks and bankers in all parts of the country. It was as follows:

OFFICE OF JAY COOKE, SUBSCRIPTION AGENT,

PHILADELPHIA, January 28, 1865.

Sir:— Referring to enclosed letter from the Secretary of the Treasury, appointing the undersigned General Agent for the sale of government loans, I solicit your earnest co-operation in the sale of 7 3-10 Treasury notes, confident that this loan, properly placed before the people, can be made to supply the current demands upon the Treasury.

The commission allowed you upon sales will be three-eighths of one per cent., and will be deducted by you out of each subscription.

The object of this commission being not to sell the loan to purchasers at a discount, it is requested that allowances to investors shall cease; and you will be expected to expend a liberal portion in commissions to sub-agents, expenses of advertising and otherwise bringing the loan to the notice of the people.

The system of indiscriminate allowances to purchasers who do not buy for re-sale is believed to have influenced very few investments that would not have reached the Treasury without them, and has absorbed large sums that might have been expended to the direct advantage of the loan through agents and advertising.

On and after the first day of February you will please remit me, at Philadelphia, the amount of your daily orders in draft on New York, Philadelphia, Baltimore, Boston or Washington, adding accrued interest to day of receipt here and deducting the three-eighths commission.

Or you may deposit in your nearest Sub-Treasury or depository national bank, computing interest only to date of deposit and deducting commission. In the latter case you will telegraph me (at my expense) the amount of your subscription and have certificates issued in the following form:

“ I certify that —— has this day deposited to the credit of the Treasurer of the United States —— dollars on account of Jay Cooke, Subscription Agent.”

Original of this certificate you will forward to Jay Cooke and Company, Washington, and duplicate with details of your order to me at Philadelphia.

The 7 3-10s will be forwarded by the Treasury as rapidly as they can be prepared, from the Department, by express, freight prepaid.

Earnest effort upon your part and liberal advertising will, I am confident, prove not only highly serviceable to the government, but profitable to yourselves.

Any suggestions from you looking to the greater popularization of the loan I shall be pleased to receive and consider.

Very respectfully,
JAY COOKE,
Subscription Agent.

Another circular worded in a slightly different way was sent to the depository banks and enclosed in all of them was this brief announcement over Mr. Fessenden's name:

TREASURY DEPARTMENT,
Jany. 28th, 1865.

Sir:—I have this day appointed Mr. Jay Cooke of Philadelphia General Agent for the sale of government loans.

On and after February 1, prox., he will receive your sub-

scriptions to the 7 3-10 loan, paying your commissions from that date and arranging with you all details of settlement.

You will forward to this Department as soon as practicable your account for commissions to and including 31st instant.

W. P. FESSENDEN,
Secretary of the Treasury.

Mr. Cooke sent personal letters to the sub-treasurers and the most valued of his old five-twenty agents. The Assistant Treasurer at New York wrote, in a most cordial spirit:

UNITED STATES TREASURY,
NEW YORK, January 30, 1865.

My dear Sir:

Thanks for yours of 28th apprizing me of Mr. Fessenden's action in regard to seven-thirties. He has acted wisely though somewhat tardily. I have no doubt of your ability to sell at least \$2,000,000 per day.

My best wishes for your entire success in the matter.

Very truly yours,
JOHN A. STEWART.

Letters and telegrams poured into Mr. Cooke's office congratulating him upon the appointment and assuring him of the assistance and coöperation of banks and bankers in all parts of the Union. Fisk and Hatch telegraphed: "We are with you heart and soul in the seven-thirty arrangement. You can count on our best coöperation." Livermore, Clews and Company promptly wrote: "We know the almost herculean labor required to make the agency a success, but with a long pull, a strong pull and a pull all together, we believe it can be accomplished." There was but one skeleton at the feast and that appeared in a letter from Morris Ketchum:

Morris Ketchum
T. Belknap,
F. M. Ketchum
E. B. Ketchum
L. Ketchum
L. M. Swan

Office of KETCHUM, SON & Co.
No. 40 Exchange Place

NEW YORK, January 31, 1865.

Dear Sir:— Your letter informing me that Mr. Fessenden has selected you as special sub-agent, I presume for the sale of the 7-30s, and inquiring if my house will accept in common with the old five-twenty agents has been duly received, and I beg to state that they decline the agency.

Respectfully yours,
MORRIS KETCHUM.

JAY COOKE, ESQ.,
Philadelphia.

CHAPTER X

THE SEVEN-THIRTY AGENCY

Mr. Cooke's appointment to the seven-thirty agency was the signal for the adoption of all those methods which had been so successfully employed in the distribution of the five-twenty loan when it was committed to his hands for distribution among the people. He moved instantly. The delay in the creation of the agency led him to attack the work with the more vigor and enthusiasm. He had a great store of pent-up energy which was apportioned in needful parts to his partners and assistants, to be re-apportioned until the smallest unit in the system in the Northwest, in California, in military camps in the South, in Europe responded, and the call to the people burst forth with irresistible force. The history of finance, public or private, shows no movement in any way comparing with the unique campaign by which Jay Cooke popularized and sold the great seven-thirty loan. The operation was as marvelous for its size as for the rapidity with which it was completed. Secretary Fessenden, through the national banks had with difficulty sold \$1,333,000,000 of the seven-thirty notes in the seven months of his term preceding his commitment of the business to Jay Cooke. Mr. Cooke in less than six months ran the issue up to \$830,000,000. He entered upon the work while Grant was investing Richmond,

and the expenses of the war were at their greatest height. The money which was procured through the seven-thirty agency paid the troops who brought the war to an end, and facilitated the disbandment of the largest body of soldiery ever assembled on this continent, returning them to their homes with their wages in their pockets, and with words of praise in their mouths for the country which had sent them forth to do its battles.

The one peculiar characterizing mark of Mr. Cooke's sale of the seven-thirty loan, was his wide and systematic advertisement of it. This was accomplished through the agencies which he had used so successfully in 1863, while distributing the five-twenties. Made confident now by the pledge of a more generous allowance from the Department, the conditions under which he worked were much more assuring. It was definitely known what he would receive for his services and he was enabled therefore to conduct the operation with more economy and despatch. Mr. Cooke inserted the advertisement announcing his appointment in many journals.

It was translated for the German newspapers, which were soon loudly advocating the "Sieben-Dreissiger Anleihe" and publishing reading notices headed "Jay Cooke wieder Regierungs-Banquier." This form of announcement was followed by another which enjoyed wider and longer use; but the financier's most impressive advertisement in these first days of the loan was a catechism¹ similar to that which was used so effectively in the five-twenty campaign.

¹ On February 9, 1865, Henry Cooke wrote to Jay Cooke: "Your

The first important engagement of newspaper men for Mr. Cooke's staff brought into his employ, Samuel Wilkeson and nearly included Whitelaw Reid. Wilkeson became the subscription agent's principal aide in advertising the loan and for several months was regularly connected with the Philadelphia house. His salary was fixed at \$6,000 a year, which he demanded because he was shortly expecting Horace Greeley to promote him from the Washington bureau of the *New York Tribune* to the managing editor's office of that newspaper.¹ He arranged with Greeley for a furlough, when Mr. Cooke came to his terms, and proceeded with his new duties at once. He should be made the "chief of your editorial force," wrote Henry Cooke, "and be employed at Philadelphia and New York where he can do you the most good. His specialty should be the manufacture of editorials, letters, notices and so forth to be used by your other agents, and inserted in the papers, etc. He will be in Philadelphia and will see you Monday."²

In the autumn of 1864, Whitelaw Reid was about to purchase an interest in the *Cincinnati Gazette*,³ and to consummate the bargain, he after a conversation with

'Answers and Questions' I submitted to the Secretary, who was much amused at their ingenuity. I wish you would send us a lot of them."

¹ H. D. C. to J. C., February 6th.

² To J. C., Feb. 9, 1865.

³ "I had happened to mention to him [Jay Cooke] that I was about to make this purchase and had saved about one-third of the money necessary, but should have to leave the rest to be paid in installments secured by the stock. He at once offered to lend me the money himself at a low rate of interest. On my saying that I did not see how that could be managed, since I should have to make the payment in Cincinnati, where I was then going, and the stock could not be deposited as security for the loan until the payment had been made he replied, 'Don't bother

BANKERS AND BROKERS

7.30

**SEVEN-THIRTY
LOAN.**

The Secretary of the Treasury having appointed the undersigned

GENERAL SUBSCRIPTION AGENT

For the management and sale of the new and popular

7-30 LOAN,

(which is a loan for two and a half years, at 7 3-10 per cent. interest in currency, and payable at maturity, or refundable in the popular

**5-20 GOLD BEARING
LOAN.**

I hereby invite all National and State Banks; all Private Bankers, Saving Funds, and others, to endeavor to dispose of these NOTES TO THE PEOPLE of their respective neighborhoods. A liberal commission, sufficient to defray all advertising expenses and leave a fair profit for services, will be allowed. CIRCULARS, WITH FULL INSTRUCTIONS, will be furnished on application to the undersigned.

JAY COOKE,

SUBSCRIPTION AGENT,

No. 114 South THIRD Street,

PHILA.

PHILADELPHIA.

U. S. 7-30 LOAN.

By authority of the Secretary of the Treasury, the undersigned has assumed the General Subscription Agency for the sale of United States Treasury Notes, bearing seven and three-tenths per cent. interest per annum, known as the

SEVEN-THIRTY LOAN.

These Notes are issued under date of August 15th, 1864, and are payable three years from that time, in currency, or are convertible at the option of the holder into

U. S. 5-20 Six per cent.

GOLD-BEARING BONDS.

These bonds are now worth a premium of nine per cent., including gold interest from Nov., which makes the actual profit on the 7-30 loan, at current rates, including interest, about ten per cent. per annum, besides its exemption from State and municipal taxation, which adds from one to three per cent. more, according to the rate levied on other property. The interest is payable semi-annually by coupons attached to each note, which may be cut off and sold to any bank or banker.

The interest amounts to

One cent per day on a	\$50 note.
Two cents " " "	\$100 "
Ten " " "	\$500 "
20 " " "	\$1000 "
\$1 " " "	\$5000 "

Notes of all the denominations named will be promptly furnished upon receipt of subscriptions. This is

THE ONLY LOAN IN MARKET

now offered by the Government, and it is confidently expected that its superior advantages will make it the

GREAT POPULAR LOAN OF THE PEOPLE.

Less than \$200,000,000 remain unsold, which will probably be disposed of within the next 60 or 90 days, when the notes will undoubtedly command a premium, as has uniformly been the case on closing the subscriptions to other Loans.

In order that citizens of every town and section of the country may be afforded facilities for taking the loan, the National Banks, State Banks, and Private Bankers throughout the country have generally agreed to receive subscriptions at par. Subscribers will select their own agents, in whom they have confidence, and who only are to be responsible for the delivery of the notes for which they receive orders.

JAY COOKE,

SUBSCRIPTION AGENT, Philadelphia.

INTERESTING QUESTIONS AND ANSWERS

RELATIVE TO THE

7-30 U. S. Loan.

Mr. JAY COOKE, of Philadelphia, who for so long a time had the management of the popular \$30 million 5-30 Loan, has just been appointed by SECRETARY FURNESSE, the GENERAL AGENT to dispose of the ONLY SURPLUS LOAN now offered for sale by the Government, viz.: the "SEVEN-THIRTY."

In catering upon his duties he desires to answer plainly the large number of questions daily and hourly propounded to him, so that his fellow-countrymen may all understand what this "7-30 Loan" is, what are its peculiar merits, how they can subscribe for, or obtain the same, &c.

1st Question. Why is this Loan called the "Seven-Thirty" Loan?

Answer. It bears interest, in currency, at the rate of Seven Dollars and thirty cents, each year, on every hundred dollars; making the interest as follows:

One cent per day on each \$50 note.	
Two cents " " " 100 "	
Five " " " 250 "	
Twenty " " " 1000 "	
One dollar " " " 5000 "	

2d Question. When and how can they be obtained?

Answer. They are for sale, at par, and accrued interest, by all Sub-Treasurers, National and other Banks, and all Business and Brokers.

3d Question. When is the interest payable, and how can it be collected?

Answer. The Coupons or Interest Tickets are due 15th of February and 15th of August in each year, and can be cut off from the note, and will be cashed by any Sub-Treasurer, U. S. Depository, National or other Bank or Broker.

4th Question. When must the Government pay off these 7-30s?

Answer. They are due in two years and a half from the 15th of February, 1885; viz., on the 15th of August, 1887.

5th Question. Must I receive back my money as soon as 1887?

Answer. No; not unless you yourself prefer to do so—the Law gives you the right to demand from the Government, at that time, either your money or an equal amount, at par, of the famous and popular 5-30 Gold Bearing 6 per cent. Loan.

6th Question. How much do you consider this privilege of conversion, into 5-30 Loan, to be worth?

Answer. 5-30s bearing Gold Interest from 1st of November, are, to day, worth 9 per cent. premium. If they are worth no more at the end of the two years and a half, when you have a right to them, then they are so, this premium added to the interest you receive, will give you at least 10 per cent. per annum for your money—but the opinion is that they will be worth more than 9 per cent. premium at that time.

7th Question. What other advantages is there in investing in the 7-30 Loan?

Answer. They cannot be taxed by States, Counties, or Cities, and this saves you two to five per cent. on your income, as all railroad and other bonds, and stocks, mortgages, &c., are taxed, not only by the Government, but by States, Counties and Cities.

8th Question. How does the Government raise the money to pay the interest, and is it safe and sure?

Answer. The Government collects, by taxes, internal revenue, and duties on imports, fully three hundred millions each year. This is nearly three times as much as is needed to pay the interest on all the debt; and so soon as the war is ended, the amount not needed to pay the interest will be used in paying off the debt. Our Government has twice paid off all her debt, and can easily do so again. The interest is sure to be paid promptly, and the debt itself is the very safest investment in the world. It is as safe as a mortgage on a good farm, and pays a better interest. It is, in fact, a First Mortgage on all lands, all incomes, all railroad and canal bonds, and bank or other stocks, mortgages, &c.

Nothing can be safer, for we are all bound for it, and all that we have is held and firmly bound for the payment of principal and interest. How foolish those people are who keep idle, and holed up, their gold and greenbacks, or purchase mortgages or railroad stocks and bonds, which pay only 5 or 6 per cent. interest, when these Seven-Thirties pay (counting the premium on Five-Twenties) over 10 per cent., and are as much safer and surer.

9th Question. How many Seven-Thirties are there, and how much remains unsold?

Answer. There are only about three hundred and twenty-five millions authorized by law, and only about one hundred and thirty millions remain unsold.

10th Question. How long will it take you to sell the balance?

Answer. There are about 800 National Banks, all engaged in selling them; also a large number of the old banks, and at least three thousand of private bankers and brokers, and special agents will be engaged in all parts of the country in disposing of them to the people.

11th Question. How long will it take to sell the whole?

Answer. In less than three months they will be all sold, and will, no doubt, then sell at a premium, as was the case with the old Seven-Thirties, the first Twenty-One Loan, and the Five-Twenties.

The above questions and answers, it is believed, will give full information to all. If not, the General Subscription Agent, or any of the Banks or Brokers employed to sell the Loan will be glad to answer all questions, and to furnish the Seven-Thirties in small or large sums (as the notes are issued in denominations of \$50, \$100, \$500, \$1000 and \$5000), and to render it easy for all to subscribe, thus fulfilling the instructions of Mr. FURNESSE, who earnestly desires that the people of the whole land (as well as the capitalists) shall have every opportunity afforded them of obtaining a portion of THIS MOST DESIRABLE INVESTMENT.

LET NONE DELAY, BUT OVERSICHT AT ONCE, THROUGH THE NEAREST RESPONSIBLE BANK OR BANKERS.

Subscriptions received at offices of JAY COOKE & CO., PHILADELPHIA and WASHINGTON, and by BANKS and BANKERS throughout the country.

THE MOST POPULAR OF MR. COOKE'S 7-30 CIRCULARS

Henry Cooke in Washington, brought a letter from Secretary Chase to Jay Cooke who lent him about \$8,000 to be drawn as he needed it, through E. W. Clark and Company. Mr. Reid was now invited to assist in publishing the praises of the seven-thirty loan. On February 6, 1865, Henry Cooke wrote from Washington, when he announced the engagement of Wilkeson: "Whitelaw Reid has also agreed to take hold, but I have concluded it best for him to see you before he makes a permanent arrangement. He proposes to go to Philadelphia on Saturday. At present he is writing something about the 7-30s in all his letters and despatches, and is at work among the other correspondents. He proposes to enlist them all in the work. He will explain more fully when he sees you." But Mr. Reid did not accept the offer regularly to join Mr. Cooke's staff of writers, and Wilkeson directed the bureau which enthused the nation for the loan through the potent agencies of the press while subscriptions multiplied, and millions became hundreds of millions. The *Constitutional Union* newspaper called Jay Cooke the "Napoleon of Finance," and "Our Modern Midas." The mere publication of the fact that he was again the government's fiscal agent bred confidence and enthusiasm in the people, and the money was poured forth in a flood. "In these financial about the stock; draw on me for the amount you need and bring the stock along when you like." The offer was so unexpected and so generous that I instantly accepted it. . . . The draft was promptly cashed; I made the purchase in Cincinnati, paying in full; put the certificate of shares in my pocket and when I was next in Philadelphia, some weeks later, turned them over to Mr. Cooke with a note for the amount he had advanced. This note was paid out of earnings within a year or two, and, with the signature mutilated, is now preserved among my papers in America as an interesting souvenir of a very generous act by a generous man."—Letter of Whitelaw Reid to the author, Nov. 10, 1905.

days," wrote some one in a journal styled *The New Yorker*,¹ "no name has a more metallic ring than that of Jay Cooke. Possessed of a peculiar talisman whatever that powerful monetary hand touches it turns into government bonds. Whosoever takes note of these things, cannot but have observed the powerful pressure this great house brings to bear upon the market. When a government loan is to be disposed of to the best advantage on the details of commissions, etc., they always adopt the most liberal, practical and productive terms. Their liberality in dealing opens the money drawers, chests and stockings of the whole country. Universal publicity is another of the instruments they work with. Every farmhouse, bank, hotel, counting room and back settlement hears of the loan. The result is, that from a state of languor it springs into intense activity."

The *Constitutional Union* said:² "There is a sort of talismanic touch this intelligent and estimable gentleman possesses, which gives confidence, force and fervor to his official and business acts, while it inspires all who co-operate with him with the certainty of solidity, security and success in all he undertakes, spurring his co-laborers to industrious activity in the accomplishment of the end sought."

The response to Mr. Cooke's call was almost instant. On February 4, 1865, only four days after the agency was opened, Henry Cooke wrote: "Our deposits for subscriptions to-day were returned at \$1,500,000, and so reported in the daily cash abstract to the Secretary. He was highly gratified and remarked, 'we begin to feel

¹ Feb. 5, 1865.

² March 3d.

the new agency already.' ” The newspapers announced that the subscriptions on February 6th, reached a total of \$3,098,200; on the 7th, \$3,098,200; on the 9th, \$3,546,000. Thus in the first week of the agency, the daily sales were equal to those for the best days during the progress of the 5–20 negotiation. On February 15th, the sales were \$8,674,450; on the 18th, \$5,082,000, orders being received for “a million in a minute” at one time during the day, a fact that was the text for a very widely copied paragraph. In the week ending February 18th, subscriptions were taken for \$26,520,200. The principal subscribers in New York for this week were Fisk and Hatch, \$3,945,000; First National Bank, \$2,500,000, and the Ninth National Bank, \$1,630,150. The Department was so greatly surprised at the speed with which subscriptions were taken, that it did not have in hand enough notes or bonds, as they were being popularly but incorrectly denominated, with the coupons of February 15th attached to supply the wants of the buyers who sent in their orders prior to that date, and they must be provided for out of later issues, the government refunding the money, which was overpaid, by drafts on New York.¹ Some of the totals for the last days of February, as given out to the newspapers by Jay Cooke, were as follows:

February 20	.....	\$4,126,150
“ 21	.....	4,088,100
“ 23	.....	6,256,800
“ 24	.....	3,168,450
“ 25	.....	9,502,650
“ 27	.....	3,437,850
“ 28	.....	3,739,600

¹ H. D. C., Feb. 15 and 17.

For the week ending February 25th, the sales were \$27,142,150, and the machinery was being put in order for even greater achievements. Much was made of the fact that large numbers of the subscriptions were small and represented the savings of working men and women. On February 21st, there were 2816 individual subscriptions for \$50 and \$100 notes, and on February 25th, 6581 different persons subscribed for the small notes. Wilkeson wrote in the *New York Tribune* on February 20th, in his vivid and hyperbolic style:

While Congressmen debated on Thursday last the policy of restricting the issue of the new government bonds to sums not less than \$100, and knocked back and forth the shuttle-cocks of ancient argument against and in favor of \$50 bonds, the needlewomen of the northern and western villages, cities and towns, and the mechanics and apprentices of thrifty habits and patriotic faith stepped forward and settled the question authoritatively and in favor of both issues. Thirteen hundred and fifty of them carried their little earnings to Jay Cooke's agencies and bought \$50 bonds, and 1800 of them bought \$100 bonds. A telegram communicating this precious fact to the proper committee in Washington was accepted as a decision of the point under discussion. The provision in the bill authorizing the issue of the small bond was retained.

The statement was made in the newspapers, and it was not far from the truth, that the troops had not been paid for five months, or since the preceding August, barring the officers and soldiers on furlough.¹ The

¹ When Colonel William M. Stewart was in the South as a special agent for Jay Cooke for the sale of the loan he found that the soldiers in the armies in North Carolina "had been kept out of their pay and the interest on the debt due them for many months and in many cases for more than a year. I am quite at a loss" said he, "to explain to those I meet with, the causes of delay, especially as I learn from one of the paymasters here that he has recently been instructed 'to use all possible

money was now at hand, at least partially to meet Stanton's requisitions which had steadily accumulated, and the feeling in Washington, in all branches of the army, and in the financial centres of America and Europe underwent a sensible improvement instantly. Mr. Fessenden supported Mr. Cooke and frankly stated that he depended upon him and him alone for the money required for the prosecution of the war. On February 8th, Henry Cooke wrote:

I showed the Secretary the bunch of letters you sent me from Fisk and Hatch, L. Clews, the Boston East India party, etc. He was much pleased, said he knew we would succeed and that he saw we had gained all the newspapers. He is delighted with the reception given to the arrangement by the press.

The large returns for February 15th, over eight million dollars, drew much attention to the agency. On February 16th, Henry Cooke wrote:

The big subscription of yesterday is the "town talk." All the bankers and half the senators and M. C.s in town have been in to ask what it all means, and everybody appears to be rejoiced at this wonderful success. The Secretary is delighted, but could hardly believe the subscriptions were so large. I explained to him that our agents were just getting to work, especially in the west, and we were now getting their first heavy orders for supply to keep for sale. He said he wasn't afraid now that there would be any lack of money to pay off the army. You ought to have this paying off the army announced as the first fruits of the agency system.

It made the Secretary "open his eyes," Henry Cooke wrote in another letter. Jay Cooke sent to Washington a "muff box" filled with telegraphic despatches from economy in his disbursements as there is no prospect of present payment of Sherman's army or any portion of the North Carolina troops."—Stewart to J. C., April 26, 1865.

his agents ordering the bonds. They were shown to the Secretary, who was "astonished and appeared highly gratified, as were Harrington, General Spinner, etc. I have had them on exhibition all day, [February 17th]" wrote Henry Cooke, "Judge Usher and a host of senators, M. C.s, newspaper men and others taking a good look at them." He kept the bundle over night, so that Huntington could "show it to Old Abe."

Horace Greeley stopped at the Washington office to see the machinery in operation. On February 15th, Henry Cooke wrote:

Horace Greeley came in to see us to-day and sat for over an hour. He was very curious to know how we got up the furore and I showed him our circulars, hand bills, advertisements, etc., etc., and explained the whole system to him, taking occasion to show the saving to the government by the fall in prices during the 5-20 loan, and promising to do the same thing again. I also showed him how the success of this loan would appreciate greenbacks and knock down gold, and how the continuance of the subscriptions to the amount of 7 or 800 millions beyond the present amount authorized might be made a means of funding part of the greenbacks now afloat. He asked a good many questions about this and I am sure got a full insight into the glorious workings and results of the popular agency system. He said at the close of our talk, "If you succeed, as you will, you will save the government at least half a million dollars a day in its purchases," and he promised the earnest and cordial aid and support of the *Tribune* in the good work. I was glad to have a chance to explain the subject to him in all its bearings. He is posted and will know how to defend the present policy, and to show why it should be continued as long as the people will take the subscriptions. He says the present arrangement should be continued as long as the government is a borrower.

On February 28th, Henry Cooke wrote: "M. C.s and senators are pretty thick in our office every morn-

ing before 12 m. They have caught the fever and are buying 7-30s with all their loose change. Have sold Brutus J. Clay over \$35,000 in the last week." In March, Chief Justice Chase invested \$20,000 in seven-thirties through Jay Cooke's Washington house.

The Southern leaders also watched the financial situation in the North very closely, and saw in Mr. Cooke's success the signs of their early ruin. On February 20th, the Richmond *Examiner* said: "The Federal government is now selling a large amount of what they call seven-thirty bonds, being hundred dollar bills bearing interest at two cents a day. Under the auspices of an eccentric financier named Jaye Cook, who has established agencies in all the large Federal cities and under the promise of ultimately commanding interest in gold which they hold out, these bonds are selling rapidly, and are pronounced a splendid financial success. . . . The efforts of the Yankees to sustain this explosive and inflated paper system, has so far been marked by great ingenuity, resolution and success. Whether they will succeed in conquering the South, depends in a great degree upon their continued success in upholding this paper system."

Two matters were coming forward very intimately to affect Mr. Cooke's operations: the probable exhaustion of the loan pending the passage of a new loan bill—a hiatus to be bridged over by a further issue of five-twenties—and the retirement, now very imminent, of Secretary Fessenden. The law of June 30, 1864, it will be remembered, had authorized an issue of \$200,000,000 of long bonds and the same amount of seven-thirties. This relationship was changed by the supplementary act

of January 28, 1865. Being now allowed to exercise his discretion, the Secretary took \$100,000,000 out of the long bond account, thus limiting the new 5-20 issue to \$100,000,000, and added it to the 7-30s to bring that emission up to \$300,000,000. Mr. Fessenden had succeeded in selling about \$133,000,000 through the banks at various rates of commission, and Mr. Cooke had begun his agency with some \$166,000,000 to be distributed. But the Secretary of the Treasury insisted upon reserving "intact and unused \$70,000,000 for legal tender issues hereafter (interest bearing or otherwise), if it should become necessary,"¹ and the seven-thirties were going out so rapidly that on the last day of February, the showing was as follows:²

Whole authority of issue.....	\$400,000,000
Less 5-20 Bonds.....	100,000,000
	<hr/>
	\$300,000,000
Less reserve for legal tenders.....	70,000,000
	<hr/>
Leaving for seven-thirties.....	\$230,000,000
Amount of 7-30s already issued.....	208,340,800
	<hr/>
Leaving	\$21,659,200

A bill authorizing a further issue of \$600,000,000 was pending in Congress, but there was risk of a gap of time in which Mr. Cooke would have no notes for his customers, and Mr. Fessenden would have no revenues. It was certain that the new authority would not be received until the last hours of the session, which would close on March 3d. "The difficulty in the way of

¹ H. D. C., Feb. 20, 1865.

² H. D. C., Feb. 28th.

speedy legislation," said Henry Cooke,¹ "is that Stevens has a scheme of his own, and his bill is not even yet reported to the House. The Senate will put it through quick, Sherman tells me, when it gets there, but the Senate can do nothing till the House acts. Stevens will be beaten—is already beaten in the committee—but will fight it in the House."

"Sherman is our mainstay," he wrote again.² "He says that any vagaries of the House will be corrected in the Senate. He'll attend to it." Again on March 1st, Henry Cooke wrote: "The Secretary has eleven bills before the House, all of which have been more or less bewitched by amendments which he is getting back straight again. They finally got through the loan bill last evening without material change. Sherman promises to put it through the Senate when it gets there 'on the double quick.'"

So certain was the result, that the Treasury officers were inserting the date, March 3d, and were wetting and pressing the paper ready for the printers.³

The Secretary on his side, although much pleased and surprised at the great sales, needed still vaster sums. The Treasury with the amount already due, and to become due in March, was insatiable. The Jay Cooke agency was no sooner established, than Mr. Fessenden began to cast about him for a way to sell long bonds, either 5-20s or 10-40s, and he made some inquiries to that end in New York. The rumor coming to Jay Cooke's ears, he protested against such action in vigorous terms. On February 8th, Henry Cooke wrote:

¹ Feb. 20th.

² Feb. 28th.

³ *Ibid.*

Your despatch about Stewart's proposed negotiations received and answered. I took the despatch to the Secretary and let him read it, as you put the case better and stronger than I could do. He received it very kindly (although it was rather peremptory) and replied very cordially: "Assure your brother that I don't intend to interfere with his plans in the slightest degree and that nothing shall be done against his advice. I look to him in all my arrangements to get money. I expect him to furnish it and I won't interfere with him in any way. I told him what my necessities were and would be about the first of March and I want him to help me meet them. Tell him distinctly that I shall consult him in everything." He added that he had talked with Mr. Stewart just as he had with you in regard to the present and coming demands for money, and that the proposal to sell some bonds and hypothecate some 7-30s was merely a thing talked of. Stewart thought the thing could be done and said he would inquire about it when he returned. The Secretary seeing that such a movement would interfere with you, told Stewart to consult with you and to do nothing except as you should advise. Fearing from your despatch that Stewart might be making inquiries in New York and that these inquiries might create the impression that the Secretary was not going to rely solely on the 7-30 agency, I suggested that he should be cautioned against doing so. Accordingly the Secretary sent a despatch to him to "do nothing in regard to either of the subjects of our conference here. I write." The letter will be in accordance with what I have written above and in that spirit.

The next day, February 9th, Henry Cooke made this report to his brother, continuing the account of his conversations with Secretary Fessenden:

Your letters and telegrams had due attention. I read them to Sherman who agrees *in toto* with you in your letter to the Secretary. Mr. Fessenden also after reading your letter said you were right and that nothing should be done to interfere with your plans and without your assent and co-operation. I suggested that he had better instruct Stewart to do nothing that you did not

assent to beforehand and that, if now or hereafter, he should find himself so placed as to require any special or temporary advance of money he should let you manage it so that it would not appear that you and the Department were acting independently of each other. I told him you and Stewart would of course advise together and that doubtless Stewart could be very useful in helping you to carry out your plans by co-operating with you. But that if he attempted to act independently of you it would throw everything into confusion. He assented to all this — read me his letter to Stewart of last evening, which I thought left too much latitude to S. and at my suggestion telegraphed to him again to do nothing. He is, however, very anxious that you should devise some way to raise money for the soldiers. He says the clamor is terrible and he asked me to urge you to confer freely and fully with Stewart in reference to this. He asked if you couldn't go over to N. Y. to-morrow evening to see Stewart and arrange all your plans with S. so that he should make no mistakes. In short he puts the whole thing of raising money into your hands and wants you to take charge of Stewart so as to make him useful to you instead of a marplot. I strongly advise you to go or S. may get restless under these repeated peremptory telegrams from the Secretary at your instance.

Mr. Cooke had had experience enough of sales made tactlessly by New York brokers. Efforts were put forth to dissuade the Secretary from the issue of any government security except the seven-thirties. On February 20th, Henry Cooke had two long interviews with Mr. Fessenden with this object in view. They were wholly without effect, for he must have, he said, \$23,000,000 in addition to the amount returned by the agency. This sum was immediately "indispensable" to the Treasury, that he might pay the troops and meet certain pressing demands. His only concession was that the sales should be made by Mr. Cooke to obviate untoward results. For this service Henry Cooke asked

one-fourth, but the Secretary fixed the commission at one-eighth.

I told the Secretary, [wrote Henry Cooke¹] that the commission was too small altogether. He said he didn't feel authorized to pay us more than our commissions to regular correspondents for the same services. I represented the difference in these sales, the great care, skill and command of market required to make them successful and keep them private to which he rejoined that it was part of our general business for the government, and the amount was large, so it paid us well in the aggregate. I contested every inch of this point but he was firm and I thought it best to yield, especially as I succeeded in getting him to assent to a stoppage of the sales at any time when we showed him that it was injuriously affecting the market. This virtually leaves the matter in our hands to sell as much or as little as we choose.

The pace set for Mr. Cooke in Washington, was about one million of the 5-20s daily, and the usual average of 25 to 30 millions a week from the sales of 7-30s, a business it will be readily admitted of uncommon magnitude, as well as of vast responsibility.²

Not only in the Treasury Department was Mr. Cooke looked to as the source of all things necessary; on the battle-field too, the importance of the service was fully understood. On March 9th, General J. K. Moorhead had the steamer *River Queen* placed at his disposal by the Secretary of War. He was to go with his daughters to Fortress Monroe, and he invited Mrs. Jay Cooke and her children, and Mr. and Mrs. Pitt Cooke, all then in Washington, to accompany them. It was upon this trip that Jay Cooke, Jr., met General Grant. Before leaving Washington, thinking it probable that

¹ Feb. 20, 1865.

² H. D. C., March 1.

he would see the general while in Virginia, he telegraphed his father, asking if there were any message which he had to convey to the commander. Jay Cooke replied: "Tell the general to push the fighting. We will supply all the money that is needed." Jay Cooke, Jr., has written this account of what ensued:

After visiting Fortress Monroe, Norfolk, Portsmouth and the other points of interest at the mouth of the Chesapeake and James River we started in the evening for City Point. We arrived at the wharf about five o'clock in the morning and as was my habit in those days when going to new places, especially one of so much interest I was up as soon as we arrived and went down to the main deck. While walking backwards and forwards by the gangway watching all the movements around me, I saw coming down the wharf a man dressed in plain military costume without military insignia. The sentry saluted as he passed and as he arrived opposite the gangway of the steamer I stepped forward and was greeted with the remark: "What party is this?" I replied, "A party with General J. K. Moorhead," whereupon my interlocutor expressed a desire to see General Moorhead. I remarked that it was a little early in the morning, but asking his name was told that it was General Grant. I invited him on board immediately. We went into the main saloon of the steamer, I going at once to tell all the members of the party who was waiting to see them. I returned then to the general and we entered into conversation. I gave him my father's message. He seemed gratified and in a moment replied: "Mr. Cooke, when you return tell your father I appreciate his message and his services. Tell him that he is doing more than all the generals in the army; for without his aid we could not do any fighting."

The party so long as it remained received much kindly attention from the Commander-in-Chief. He not only entertained the visitors very pleasantly at his headquarters, but sent with them to the front on a special train, his young aide, Robert T. Lincoln.

The change in the secretaryship was soon to be effected. Already on February 8th, Henry Cooke was able to write: "Secretary Fessenden (in confidence), sent in his resignation yesterday evening, to take effect March 3d, or sooner, if the President so desires. The successorship narrows down to McCulloch and Morgan. The friends of each are equally confident, but Mr. Fessenden thinks the former has the best chance. On the other hand, a party likely to be reliably informed told me last evening, that Morgan would certainly be the man. So we go." On February 23d, "everybody" said that McCulloch was to be the next Secretary, but Henry Cooke had a "lingering doubt." He did not know why, perhaps because of a "dread of seeing our finances pass under the control of such timid, weak, nerveless hands." "If it is to be so," he continued, "we must make the best of it." On March 1st, he was still repining for Sherman, whom he considered by far the soundest and strongest of all our political men. On that day, too, he definitely announced that McCulloch would go into the Treasury on the 4th instant, and urged his brother to come to Washington to talk with the appointee, before he should enter office. "As your relations to the Department are of a peculiar character," Henry Cooke continued, "perhaps he expects it. He expresses great satisfaction at our success and anxiety that it may continue. This satisfies us, that he has no idea of making any change." Huntington, after conferring with McCulloch, wrote that Jay Cooke need not come until later, when the new Secretary would better know the needs of the Department. He wished to clear it of "the load of suspended debt," wrote Huntington,



HUGH McCULLOCH

and he intended "to lean" upon Jay Cooke "almost altogether."¹

Mr. Cooke's influences were now freely used to create an impression upon the popular mind favorable to McCulloch,² and he was the subject of many compliments in the press which deeply gratified him.

The passage of the new loan bill made it feasible to sell the \$70,000,000 which Mr. Fessenden had reserved, and increased the total issue of the First Series of 7-30s to \$300,000,000. The orders were so large, that on March 6th, the Treasury "ran ashore,"³ and there was a delay in the delivery of the notes, although the engravers and printers were working night and day upon them. On March 4th, the subscriptions had been \$4,130,000; on the 9th and 10th, they exceeded \$4,000,000 daily. On the 13th, they were \$5,246,700; on the 14th, \$5,127,250; on the 15th, \$5,084,250, and on the 16th \$4,032,550. After this date, they for a time declined because of a disastrous panic in the stock market.

It was now becoming very evident that the war was near its end, and the prices of gold, gold-bearing stocks, and with them nearly everything else, including cotton and the staples of the produce markets, fell rapidly. On March 16th, Henry Cooke wrote: "We are all in snug shape, both up stairs and down stairs, and ready for any kind of a blow. Gold will tumble still more I think. Confidentially I have it from the highest authority, that information perfectly authentic and reliable is in the hands of our government that General Lee has caved in. He has informed Jeff Davis, that with the force at

¹ Hunt. to J. C., March 3.

² H. D. C., March 7.

³ H. D. C. to J. C., March 6.

his command, and with his communications and supplies cut off, it will be impossible for him to resist the gigantic combination of the Federal armies now converging against him, and that to attempt to prolong the struggle will involve an inevitable and useless waste of blood and treasure. This is reliable."

On March 20th, he continued: "The news sent you Friday about the demoralization and tumbling to pieces of inside rebeldom is confirmed to-day. Stanton told a friend that the whole thing would be wound up in a few weeks, that Lee would have to make terms or be overwhelmingly whipped within ten days." This feeling naturally disturbed the markets vitally. As usual the burden of blame was placed upon the shoulders of the disloyal New York speculators, and they may have made a last desperate effort to ruin the credit of the government. The *New York Tribune* called it, "a combination of immensely wealthy Wall Street owners of gold;"¹ the *Philadelphia Press* said the movement was in the hands of "the most prominent gold gamblers and operators of Secesh proclivities." "One of the parties to this scheme of destroying faith in government bonds," said the *New York Commercial Advertiser*,² "has been using his reputation for shrewdness in visiting bank parlors and insurance offices for the purpose of persuading large holders to sell out their governments, assuring them that they will soon be able to buy them cheaper." Many untruths damaging to the market were industriously circulated, the 7-30 loan suffered in the general melting away of the premium on older

¹ March 29th.

² See *Phila. Inquirer*, March 29th.

issues of "governments" and the Secretary of the Treasury, as well as his fiscal agent, was aroused to the need of bold action.

The ten-forties led in the decline and made themselves a particularly disturbing factor. They were "never well placed," wrote Mr. Cooke's friend Crawford of Clark, Dodge and Company, and they became "the most damaging thing to the whole market." They "knocked down all the other bonds much more than they would have otherwise fallen," their price at one time sinking to about 90.

Mr. Cooke lost no time in going about a business in which he had made himself a past-master in earlier crises in Wall Street. On March 21st, Henry Cooke wrote to his brother who had already gone to New York as follows:

I received your first despatch, foreshadowing a combination of gold bulls to depress governments and asking for authority to use a few gypsies¹ at a quarter after six o'clock last evening, just as I was about to start home. I went at once to see the Secretary and read him your despatch. His reply was for you to consult with Stewart at New York and do as you thought best. While writing you the despatch sent last evening to that effect I received a second one from Fahnstock asking me to meet him at the printing telegraph office. Taking Huntington with me we were greatly disappointed to find that we could send no message by printing telegraph wire, so I sent Fahny despatch by the other line which they said would be from two to three hours getting to Philadelphia. The difficulty for the past two or three days with the telegraph is that the cable across the Susquehanna is broken and messages have to be sent across the river in small boats and repeated. This takes an average of about 2½ hours. This morning I was over at office early (before 9 o'clock), got Fahne-

¹ A gypsey was \$500,000.

stock's letter (written after you left for New York), giving in full your programme to arrest decline in governments, took it over to the Secretary and got his consent for you to pitch in and buy for government account and immediately telegraphed you (before ten o'clock) that you were authorized to go ahead. About one o'clock Vermilye got here (4 hours behind time) and handed me your letter from New York. We went together to see the Secretary and I read him your letter from New York and Mr. V. explained to him the state of things there and gave an account of your meeting there last night. The effect of the interview was to stiffen Mr. McC. in the arrangement made with me in the morning. Mr. Harrington was present at the interview and he at once told him to order that the Ninth National and the First National of N. Y. be not drawn on till April 1st. Harrington also stopped instanter a pile of requisitions on which warrants for money had been drawn, and you can depend upon every possible forbearance of the Treasury during the next week in its drafts on depository banks at the financial centres. In regard to the purchase of 5-20s and other governments Harrington will write you fully by to-day's mail. The understanding is that all purchases be made through you. The Department has nothing to do with your sub-agents. It looks only to you. Two millions of l. t.s. [legal tenders] go to-day to Stewart and more will follow for you to use in your purchases. I am sure that everything is arranged to your entire satisfaction. Mr. McCulloch is anxious that the matter should be arranged as quietly as possible and you will have to caution your agents to keep their transactions free from possibility of the imputation that government is doing anything.

The official paper authorizing Mr. Cooke to act for the government in this emergency, signed by Secretary McCulloch, was as follows:

TREASURY DEPARTMENT,

March 21, 1865.

Sir:— In order to arrest the further decline of government securities which under what appears to be a panic, caused by the rapid depreciation in the price of coin, threatens to derange the

JC
BROKER'S MESSAGE.
THE AMERICAN TELEGRAPH COMPANY.
NORTH, SOUTH, EAST AND WEST
CONNECTING WITH ALL THE SOUTHERN, WESTERN, EASTERN AND NORTHERN LINES OF TELEGRAPH.

DIRECT SOUTHERN LINE, NEW-YORK TO NEW ORLEANS,
AND ALL INTERMEDIATE PLACES.

PHILADELPHIA OFFICE—106 and 107 South Third Street, Girard and Continental Hotels.
Broker's Office, Exchange News Room, and No. 34 S. Third St., (over Buxel & Co's.)
NEW-YORK OFFICE, No. 145 Broadway.

Terms and Conditions on which this and all Messages are received by this Company.
In order to guard against and correct as much as possible some of the errors arising from atmospheric and other causes appertaining to telegraphy, every important message should be REPEATED, by being sent back from the station at which it is to be received to the station from which it is originally sent. Half the usual price will be charged for repeating the message, and while this Company in good faith will endeavor to send messages correctly and promptly, it will not be responsible for errors or delays in the transmission, or delivery, nor for the non-delivery of REPEATED MESSAGES, beyond TWO HUNDRED times the sum paid for sending the message, unless a special agreement for insurance is made in writing, and the amount of risk specified on this agreement, and paid for at the time of sending the message. Nor will the Company be responsible for any error or delay in the transmission or delivery, or for the non-delivery, of ANY UNREPEATED MESSAGE, beyond the amount paid for sending the same, unless in like manner specially insured, and amount of risk stated hereon, and paid for at the time. No liability is assumed for errors in cipher or obscure messages; nor is any liability assumed by this Company for any error or neglect by any other Company over whom these messages may be sent to reach its destination, and this Company is hereby made the agent of the sender of this message in forwarding it over the lines extending beyond those of this Company. No agent or employee is allowed to vary these terms, or make any other or verbal agreement, nor any promise as to the time of performance, and no one but a Superintendent is authorized to make a special agreement for insurance. These terms apply through the whole course of this message on all lines by which it may be transmitted.

CARROLLINE LIVINGSTON, Sec'y. E. S. SANFORD, Pres't.
145 BROADWAY, N. Y.

Washington
23 Dated *from New York* *12th* 1864
St. Philadelphia, 1864, o'clock, min. M.
Jay Cooke

You are authorized
to buy the bills or
other issues of the Party
named to any extent
Go ahead, I write
H D Cooke
21 Col 73

A DESPATCH TO JAY COOKE, AUTHORIZING HIM TO SUPPORT THE CREDIT OF
THE GOVERNMENT

financial plans of this Department by stopping the subscriptions to the seven-thirties I hereby authorize you to purchase five-twenty and ten-forty bonds and seven-thirty notes in such proportions, not exceeding in the aggregate ten millions of dollars as after conference with the Asst. Treasurer at New York may be deemed necessary, not only to check the decline but to restore their value nearly to the range prevailing for those securities for the last few months. I have authorized the Asst. Treasurer to redeem from you such an amount of these securities as you may wish to have so redeemed upon an invoice being presented to him therefor at the rates which you may have been compelled to pay for them to an aggregate amount not exceeding ten millions of dollars.

You will use the utmost discretion in making these purchases and it is expected that, through the earnest co-operation of such of your several agents in New York as you may confide this matter to, the objects in view may be accomplished without the expenditure of the whole sum thus authorized. I have advised the Asst. Treasurer that you will be in New York to confer with him upon the subject matter of this letter and I doubt not he will cordially co-operate with you in averting the ill consequences which must necessarily follow a further continued decline of the government securities. The utmost caution must be observed to prevent the fact of the government agency in this matter being known to the public. Two millions in currency will be transmitted to New York by this evening's express and other amounts will follow as may be necessary.

You will keep me informed daily by mail of your action in the premises, and by telegraph so far as may be, and by quotations through your house in this city of the condition of affairs.

I am very respectfully,

H. McCULLOCH,

Secretary of the Treasury.

Mr. Stewart and Mr. Cooke do not seem to have been in complete agreement as to the best method of accomplishing the object which both had in view. Stewart would have bought gold while Cooke was directly in-

Treasury Department.

March 28, 1865

Sir

In order to arrest the further decline of Government securities, which, under what appears to be a panic, caused by the rapid depreciation in the price of coin, threatens to derange the financial plans of this Department, by stopping its subscription to the seven-thirties, I hereby authorize you to purchase five-twenty and ten-forty bonds and seven-thirty notes in such proportions and to such amounts, not exceeding in the aggregate ten millions of dollars, as, after conference with the Asst. Treasurer at New York, may be deemed necessary, not only to check this decline, but to restore their value nearly to the range prevailing for these securities, for the last few months.

I have authorized the Asst. Treasurer to redeem from you such an amount of these securities as you may wish to have so redeemed, upon an invoice being presented to him therefor, at the rates which you may have been compelled

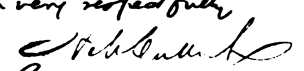
Jay Cooke Esq

to pay for them, to an aggregate amount not exceeding ten millions of dollars.

You will use the utmost discretion in making these purchases, and it is expected that, through the earnest cooperation of each of your several agents in New York as you may confide this matter to, the objects in view may be accomplished without the expenditure of the whole sum thus authorized. I have advised the Asst. Treasurer that you will be in New York to confer with him upon the subject matter of this letter, and I doubt not he will cordially cooperate with you in averting the ill consequences which must necessarily follow a further continued decline of the Government securities.

The utmost caution must be observed to prevent the fact of the Government agency in this matter being known to the public. Five millions in currency will be transmitted to New York by the evening's express, and other amounts will follow, as may be necessary.

You will keep me informed daily by mail of your action in the premises, and by telegraph, so far as may be, by quotations through your house in this city, of the condition of affairs.

I am very respectfully,

Secretary of the Treasury

terested in the bond market. Mr. Stewart wrote Mr. Cooke as follows:

UNITED STATES TREASURY,
NEW YORK, March 22, '65.

Dear Sir — I enclose letter received this morning from Washington addressed to you. To act in the matter of purchasing bonds through five or six sub-agents would in my humble judgment be a mistake. I sent for Mr. Crawford *only* and told him I was prepared to co-operate in carrying out your instructions. I don't believe it will do any good for us to invest ten millions in governments, as proposed, because the brokers will simply unload upon us. The only way to effectually reach the root of the evil is to revive the gold market and thereby give tone to other things. Governments will at once sympathize. I telegraph you to come to New York because I wish to communicate some matters which I cannot write about.

Truly yours,
JOHN A. STEWART.

Fisk and Hatch wrote on the same subject on March 21st as follows

Your telegram received about the 10 gypsies. Glad it is arranged. If the power is judiciously used it cannot fail to have a good effect on the market and help sales of 7-30s. We called on Mr. Stewart as he requested this p. m. He awaits your letter, and of course was not prepared to say much till he received it. He seemed to think that the true policy of the government just now was to sustain gold, but promised to do what he could to make the plan adopted effective. The gentlemen who took the matter of last night's arrangement in hand at the board this morning (L. C. & Co., V. & Co. and C. D. & Co.), represent that the pressure was so sudden and so great, that it was useless to attempt to check it there. Immediately after board, we all commenced bidding in the street, each on his account, and declined to sell except at large advance on quotations. The rally was so quick that but few bonds could be got at the extreme low rates. The pressure at the board was so sharp and excessive,

that it exhausted itself, and under our prompt bidding and refusals to sell the feeling turned very suddenly. If your action under the authority of the Secretary follows this right up, we believe that all that is desired can be accomplished, and governments sustained in spite of gold. We trust you have got the matter so arranged with the Secretary, that you can work it in your own way and not have to leave it to Stewart who, however good his intentions may be, can't arrange such a thing half as well as you can.

The movement was instantly effective. Some houses which had sold "short" were forced to close their doors, and the market soon resumed a more natural course. The Secretary of the Treasury who told Henry Cooke that he "felt safer" when his brother was in New York, was "very much pleased at the prompt result."¹ On March 22d, he wrote to Mr. Cooke, thinking that he had perhaps allowed too much latitude to his agent:

You will bear in mind that my motive in authorizing the purchase of government securities, is to clear the way for the sale of the 7 3-10 notes. You will not therefore purchase bonds unless it be necessary to so raise their prices in the market that they will not be a more desirable investment than the notes. My only motive in purchasing for government account, is to enable you to go on with the sales of the 7 3-10 notes, and I do not desire to purchase a single bond after this object is accomplished; or with any other view than to its accomplishment.

Again on March 24th, McCulloch wrote to Mr. Cooke:

Your two favors of the 23d inst. are received. I thank you for keeping me so fully posted in regard to the condition of things in New York. I shall be governed in my action a good deal by the advices which I shall receive from yourself and Mr. Stewart. At all events I shall be so governed as long as you

¹ H. D. C., March 22.

keep cool. . . . Write often and believe me, truly yours., etc.

Mr. Cooke personally watched the situation and directed the movements of the market in New York for several days. He wrote his brother Henry, on March 27th:

I wouldn't spend another week of such pressure for a great deal, but it hasn't hurt me. I feel fine to-day as we succeeded in flooring those fellows completely.

On March 31st, Fisk and Hatch wrote Jay Cooke, as follows:

The plan for sustaining the market for government securities has worked admirably so far and probably with a much less amount taken for your account than might have been expected. We believe it is only necessary to keep it up long enough to bridge over the interval till we have time to get the higher European quotations which will follow the receipt there of the intelligence of falling gold and our continued successes, when we believe the large foreign demand will put new life into the market and materially advance prices. As this time is now approaching, and is not very far off, it has occurred to us that as the market has been kept steady at about present prices for so long, it would be well to let it advance a little now gradually; not by any attempt to put it up suddenly two or three per cent. to fall off again, but a little at a time by advancing our bidding $\frac{1}{8}$ a day or so. We believe that this would be a healthy action and that under it you would get fewer bonds than you are doing now. And for this reason: When holders see the market gradually and healthily advancing they will feel reassured as to the danger of their going lower and will be in no haste to sell, but hold off for higher rates; while parties proposing to buy will cease to wait for lower figures and hasten to buy before the price gets up. It is proverbial that everybody wants to sell on a falling market and to buy on a rising one. Such is human nature. We merely throw out the suggestion for what it is worth. We feel quite

sure that you would get fewer bonds on a gradually advancing market and that the subscriptions to the 7-30 loan would be greatly stimulated with the gold-bearing bonds steadily creeping up in price.

Mr. Cooke's editors about this time sent out the editorial "Babylon has Fallen," which was so widely used. This article closed as follows:

"Jay Cooke, as well as General Sherman, is knocking the heels of the speculators from under them. The modern Babylon, the rebellion and high prices, are tumbling down together. Citizens, put forth your efforts, take the loan. It is safe. Keep the rebels and speculators down. You will thus subserve the cause of humanity and your own interest, and cause thousands to rejoice and be glad."

Mr. Cooke's organization did not flinch. "One thing is certain," wrote Fisk and Hatch on April 8th; "any arrangement or combination of whatever kind to break down government securities, must prove utterly powerless and futile, so long as the present arrangement is maintained, and can only result in discomfiture and loss to those who attempt it. Only keep your present power over the market, and the more bonds they sell short, the worse off they will be and the easier it will be to sustain the market against them."

The story generally circulated that the government was buying gold as well as bonds, if founded in fact, does not seem to have been based upon any action of Mr. Cooke or his agents, who to all appearances left the coin market to pursue its natural course. "Adventurers and gamblers who are short and disappointed because everything does not tumble to eternal ruin to their profit,"

wrote Fisk and Hatch to Jay Cooke, "guess at all sorts of reasons why gold does not fall more and among other things guess that government is sustaining the price. Let it be borne in mind that the men who are so clamorous for gold to tumble, are the very men who grew fat on the misfortunes of the country when gold was rising, and who did their utmost to force it up to the ruinous premium that it once reached. . . . Unprincipled speculators clamor for a fall and a few well-meaning people of the Greeley sort who are theorists and not practical business men go it blind and pray for gold to go to par to-morrow without regard to consequences; but the government may consider it certain that all true thinking and considerate patriots want to see things steady and the decline in gold from 150 very gradual." ¹

In the meantime the seven-thirties were being sold by Mr. Cooke at the reduced rate of about two or three millions daily, but so uninterruptedly in spite of all disturbing influences in the money markets that on March 27th practically all the first issue of 300 millions was distributed. The manner in which it was sold before and after the establishment of the agency was impressively contrasted by the *Philadelphia Inquirer*: ² "From August 15, 1864 to February 1, 1865 (169 days) the amount of the First Series of the seven-thirty loan sold under the direct supervision of the Secretary of the Treasury was \$133,000,000, or at the daily average of about \$771,000. From February 1st to March 27th, 1865 (55 days), under the management of Jay Cooke, General Subscription Agent, the sales of the loan reached

¹ To J. C., April 8th.

² April 3.

\$167,000,000 or a daily average rate of \$3,036,363."

There was no delay in passing to the new issue of \$530,000,000 under the \$600,000,000 act of March 3, 1865, the reserve of \$70,000,000 being carried over and deducted from the amount authorized by the new law.

On March 14th Jay Cooke was holding a "council of war" with Secretary McCulloch, "determining a plan of campaign for the new loan,"¹ and the result was the issue of a Second Series of \$300,000,000. On March 18th Mr. Cooke announced the result of his conference to his various sub-agents in the following circular:

Dear Sir — Of the present series of 300 millions 7 3-10 Treasury notes only about twenty-five millions of dollars remain unsold and these will doubtless be disposed of before the close of the present month.

In availing himself of the provisions of the new loan bill Secretary McCulloch has decided upon the issue through this agency of a second series of \$300,000,000 7 3-10 notes, payable in three years from the fifteenth day of June next and also convertible at maturity into five-twenty gold bearing bonds.

There will therefore be no interruption of your agency, the present popular system of distributing the notes being continued, and your earnest and most energetic efforts are desired to secure for the government the benefit of all the surplus capital within your influence, and to secure for the people whether possessed of large or small sums the advantage of this most desirable investment.

Any subscriptions for 7 3-10 notes received at this office after the present series shall have been exhausted will be filled with the new issue (the interest to the 15th day of June being paid you in advance) which will be of equal value and similar in all respects, excepting date of maturity.

Very respectfully,

JAY COOKE,

Subscription Agent.

¹ H. D. C. to Sexton, Mch. 14, 1865.

This circular was followed by another on March 27th as follows:

Dear Sir :— Before this reaches you the subscriptions will have absorbed the First Series of 7 3-10 Notes.

Please therefore make your certificates and remittances hereafter as per circular instructions under date 25th instant, deducting interest to June 15th.

There will be no interruption in the delivery of the notes.

I am of opinion the new notes having only ten months longer to run and interest to 15th June being prepaid are fully equal in value to those of the First Series.

Should an early resumption of specie payments take place they will of course be more valuable.

Respectfully,
JAY COOKE,
Subscription Agent.

The question of a commission for the service was of course the subject of much discussion and negotiation. It will be remembered that under the original arrangement with Mr. Fessenden on January 28th Jay Cooke was to receive three-fourths of one per cent. on the first \$50,000,000 of seven-thirty notes sold and five-eighths on the next fifty millions, the agent's compensation for subsequent sales being committed to future determination. On February 27th Mr. Cooke received \$375,000, the gross commission on the first fifty millions and on March 13th he wrote to Mr. McCulloch regarding later payments:

Since the sale of the first fifty millions of seven-thirties my allowance has been decreased to five-eighths of one per cent., a sum entirely insufficient if I am to continue the present allowances to sub-agents of three-eighths per cent. and one-half per cent. and the vast system of travelling agencies, advertising, etc., etc.— that is, unless I expend all I receive from the government.

I could, I think, with an allowance of three-fourths per cent. on all sales continue all my present arrangements, which I think exceedingly desirable, without change. I could and would take the risks of a still larger expenditure for advertising and the employment of the best talent in the various branches of the agency, thus making "assurance doubly sure." If, therefore, you will agree that the allowance of three-fourths of one per cent. shall continue from the start, provided the total sales reach one hundred millions per month, I will endeavor to secure that sum to the Treasury and will at once make expensive exertions as well as maintain all present allowances. If I do not succeed in my efforts I will only expect or claim the present scale of allowances.

I sincerely trust that you will give me the means of carrying on this great work as effectively as possible. For my own part I shall try to succeed, even under present disadvantages, and would not make this proposal but that I think it my duty to submit it to your consideration.

Most truly yours,

JAY COOKE,

Subscription Agent.

This plea does not seem to have been granted and the discussion centered about the commission to be paid on the new series of notes. On March 18th Henry Cooke wrote his brother:

I telegraphed you this morning that the Secretary had agreed to allow you in addition to the $\frac{5}{8}$ per cent. commission an additional commission of 1-16 upon the whole of the new series, viz., 530 millions. This was after a full and free discussion with him this morning and is conditioned upon your keeping up the sales to 100 millions per month. A memorandum of our verbal understanding was taken down and instructions were given to prepare the necessary docs. Harrington said he would get them off today if possible, but they should certainly go Monday, and Mr. McC. said that meanwhile you could go ahead. Before settling down upon the 1-16 % commission additional I hung on for the full $\frac{3}{4}$, but the Secretary said he had studied the matter care-

Receipt

Office of Jay Cooke, Subscription Agent,
114 SOUTH THIRD STREET.


Philadelphia, Feb. 27th 1865

H. F. Tootal, Dep^y
To. Jay Cooke, Sub: Agt. D.?

To. Three fourths of one per cent allowance
on negotiation of the first Fifty Million, of
7¹/₂% Regn., as per contract of 28th Jan. last
with the Sec^y of the Treasury \$375,000.

7¹/₂% Tootal Note issued as my Certificate
of Deposits, as follows.

Nov. 1 to 196. inclusive	\$49,926.00
and on No. 197 for \$440,100..	73,950
	<hr/>
	\$50,000.00

Received Payment


A BILL AND RECEIPT FOR JAY COOKE'S COMMISSIONS

fully, that an increase of $\frac{1}{8}$ over your present commission would give you \$662,500, and he had concluded that half of that sum, \$331,250, was a liberal allowance to cover the extra expenditure which you proposed, especially as it involved no increase in the rate of commissions paid by you. Against this I urged that after the certificates of indebtedness were taken up and the floating vouchers and suspended requisitions paid, etc., the government wouldn't want the 100 millions per month and it would be impossible to continue at that rate to the end of the loan because the government disbursements would cease in a great measure, contraction in money markets would follow, and subscriptions fall off, etc. But he considered the additional 1-16 a liberal concession and of course we couldn't refuse it.

The panic in the stock and bond markets prevented the execution of this contract and Mr. Cooke's services in Wall Street had been so valuable, while the subscriptions for the seven-thirty notes had so sensibly diminished, that the Secretary on March 30th wrote Jay Cooke as follows:

Dear Sir — I have considered the proposition contained in your letter of the 15th inst. called forth by my oral statements to you that the demands upon the Treasury would require at least three hundred millions of dollars (\$300,000,000) by the 10th of July next in addition to receipts from internal revenue and miscellaneous sources.

You propose to furnish from the sale of 7 3-10 notes bearing date the 15th of June next, this amount, provided the Department will allow you as a commission three-fourths ($\frac{3}{4}$) of one per cent. on the whole amount of such sales.

You claim that it will be necessary for you to allow one-half ($\frac{1}{2}$) per cent. commission to your general agents and that the expenses of travelling agents, advertising, printing, distributing circulars, canvassing, etc., under the arrangements which it will be necessary for you to make in order to dispose of so large an amount of notes within the time named will require at least

Treasury Department.

March 30th 1865.

Dear Sir,

I have considered the proposition contained in your letter of the 15th inst. called forth by my oral statements to you that the demands upon the Treasury would require at least three hundred millions of dollars (\$300,000,000) by the 15th of July next, in addition to receipts from Internal Revenue and miscellaneous sources.

You propose to furnish from the sale of 7-3/4 notes, bearing date the 15th of June next, that amount, provided the Department will allow you as a commission three fourths (3/4) of one percent on the whole amount of such sales.

You claim that it will be necessary for you to allow one half (1/2) per cent commission to your General Agents, and that the expenses of traveling

Agents, advertising, printing, distributing circulars, canvassing etc., under the arrangements which it will be necessary for you to make in order to dispose of so large an amount of notes within the time named, will require at least an additional expenditure on your part of one eighth (1/8) per cent.

I am willing and hereby agree to allow you three fourths (3/4) of one percent commission on the first one hundred millions (100,000,000) of notes which you shall dispose of under this arrangement, and will continue to pay you the same rate of commission on the remaining two hundred millions (200,000,000) provided the whole amount of three hundred millions of dollars (\$300,000,000) as aforesaid shall be subscribed for and paid into the Treasury by the 10th of July next.

I am, very respectfully,
Wm. C. Calkins
Secretary of the Treasury.

Jay Cooke Esq
Philadelphia, Pa

an additional expenditure on your part of one-eighth ($\frac{1}{8}$) per cent.

I am willing and hereby agree to allow three-fourths ($\frac{3}{4}$) of one per cent. commission on the first one hundred millions (100,000,000) of notes which you shall dispose of under this arrangement, and will continue to pay you the same rate of commission on the remaining two hundred millions (200,000,000), provided the whole amount of three hundred millions of dollars (\$300,000,000) as aforesaid shall be subscribed for and paid into the Treasury by the 10th of July next.

I am very respectfully,
H. McCULLOCH,
Secretary of the Treasury.¹

Mr. McCulloch was in a rather desperate frame of mind. He told Henry Cooke, "in his peculiar way," that he felt he was officially "the poorest dog in existence! Duns, duns, duns from every quarter! Hurry up the sales."

Meanwhile the Secretary was concerning himself in regard to a foreign loan. By this time considerable quantities of United States bonds had found their way abroad, although practically none had been sold directly in the European markets. It was stated in March, 1865,² that 200 millions of the Northern war loans were held in Germany and upwards of 100 millions in England "with a demand so rapidly increasing not only in these countries but in other parts of Europe that it is expected before long the aggregate total will exceed 500 millions." It is likely that this writer did not speak by the card, but Frederick Kühne, of the New York inter-

¹ It is very likely that this agreement was dated back, as the matter was evidently not settled on April 11, 12 and 17, when Henry Cooke wrote letters to his brother, telling of the progress of the negotiation.

² Philadelphia *Bulletin*, March 29, 1865.

national house of Knauth, Nachod and Kühne, placed the amount even higher, at 320 millions. He wrote Secretary McCulloch on March 30, 1865:

Being engaged in the foreign exchange business I have from motives of interest as well as from inclination given great and minute attention to the subject of our national finances, and have had the pleasure to have seen well entertained by Governor Chase, when Secretary of the Treasury, whatever communications I have made to him on this topic. I therefore take the liberty of addressing you on a matter which I deem worthy of your immediate attention. It is pretty well conceded by even the lowest estimates that 250 millions 5-20 bonds old issue, have been placed in Germany and Holland and there can hardly be less than 320 millions of all kinds of U. S. bonds in Europe at this time. It is less known, however, that a considerable amount of these securities, say about 100 millions, has not been taken as an investment, but is held for speculation and kept afloat on the bourses of Frankfort, Amsterdam, Berlin and London. What a danger there lurks for our market here in that 100 millions of U. S. bonds floating on the bourses of Frankfort, Amsterdam, etc.! . . . The American government should engage an agent in Frankfort among the old established houses there to take care of the interests of its bonds. Through proper steps these bonds should at once be introduced as bankable collaterals in all banking institutions at money centres in Berlin, Frankfort and Amsterdam and the necessary measures should be authorized by you for keeping the quotations abroad and here in perfect harmony, so as to prevent a sudden shipment of bonds from Europe here. Such an agency would not necessarily involve any great cost from the secret service fund of the government, but might by tact and good management be made a self-supporting institution. Frankfort being the financial centre of the European continent, as New York is for the American, the agency should be located at that place.

It appears by a clipping from a German newspaper sent to Jay Cooke and preserved in his collection that

United States bonds were at this time the subject of much excited speculation in Frankfort. Upon receipt of the news of the passage of the constitutional amendment abolishing slavery throughout the United States on Washington's Birthday, 1865, the Stars and Stripes were hoisted over the American consulate, which was the signal for much excitement at the Bourse as is evidenced by a reading of this account:

The speculators in American stocks whose number is legion concluded that this was done in honor of some recent event of great importance, as for instance the fall of Charleston, Mobile or Wilmington. Rumors of such events had been circulated before from London and Queenstown to "bull" the market, but now it was obvious that our consul had received a direct telegram from his government confirming these reports. At once 5-20 bonds went up one per cent. From all parts of Germany orders for 5-20 bonds were pouring in and \$800,000 of these securities were sold on the Frankfort Bourse within two hours. The desire to purchase was indeed wonderful and it was difficult to satisfy the demand. Later in the day a telegram was received that the flag of the Union had also been raised on the building of our consulate at Munich. This looked like a confirmation of good news and the wires flashed the intelligence all over Europe that probably peace had been concluded between the North and South, and that the flag of the Union had been thrown to the breeze in honor of the great event. There, as well as in Berlin, Amsterdam, etc., the excitement was increasing. The bankers not having a sufficient supply of 5-20 bonds on hand sold them on delivery in a few days. The price went up to 55 and 56 and in Munich and Berlin it was even higher and in fact 8 to 10 per cent. above the last New York quotations.

From many sources it is made clear that a strong movement had set in in favor of American securities in Europe among all classes of the people as the victories

of the Union armies convinced foreign investors of the security of the loans. It was believed that the Secretary of the Treasury would at last sell bonds abroad, a subject which had been so much discussed since the first days of the war.

Many policies were urged upon Mr. McCulloch and he entertained them with an appearance of impartial love. On March 27th Henry Cooke wrote to Jay Cooke:

Dear Jay:

While waiting in Harrington's room the hour for the mail approaches and I save time by writing you from the Department. I have had several interviews with the Secretary today and have had a difficult task to keep him from doing something rash. As a sample of the foolish things he has allowed to find a lodgment in his mind I may mention the following propositions which are urged upon him by men who ought to know better. Some of the leading old bank men of New York and Boston are urging the issue of 100 millions of "a clean 20 year 6 % gold-bearing bond," not to be offered for sale to the public, but to be kept for banks desiring to take them as the basis of banking at a premium of say 5 %. I showed him the ruinous effect of such a loan by convincing him that all the national banks which now hold 5-20s would rush in to make the exchange for the 20-year bonds by first selling the 5-20s and then buying the 20 years. This would knock down the price of securities now on the market, etc. He admitted that the idea was not feasible. Another proposal urged by contractors and banks carrying vouchers is for him to resume the issue of certificates of indebtedness. I showed him how this would knock down the price of certificates and thus spoil the market for 7-30s; so he abandons that. H. C. Carey is here prophesying disaster and urging him to issue heavily of legal tenders. I told him Carey was an educated and polished humbug, a mere library theorist who had no practical knowledge whatever of what he was talking about; so he has dropped Mr. Carey. His next idea is a loan of 50 or 100 millions to be quietly made (and nothing said about

it till it is accomplished) for gold abroad. I told him this might be done; but that it was due to you and your agency that the negotiation should be made through our house so as to avoid clashing of plans and because we could make the negotiations better than anybody else, having had the thing in view for over a year past. I told him that, as he was aware, I spent some time last summer in Germany and London preparing the way for such a negotiation; that we had already received several propositions from eminent houses, that Mr. Moorhead and Mr. Clark were already there on the ground, that we could do better in Europe than any other American house because we were better known in connection with American loans. I did this to head off his hinting anything of the kind to outside parties. He asked me to write you for your views fully on this subject of a foreign loan, and how and on what terms we would undertake it, keeping it quiet so as not to interfere with our 7-30 sales.

Two days later, on March 29th, Henry Cooke wrote his brother:

Secretary McCulloch is decidedly in favor of our trying our hand at a fifty million long loan in Europe, if you think best and can do it so as not to interfere with sales of 7-30s at home and the value of gold loans here.

On April 12, 1865, Henry Cooke reported again:

The Secretary is much exercised about the foreign market, thinks we should take advantage of the furore in Europe to work off a round lot of 50 or 100 millions of such securities, as you think best, 7-30s, 10-40s or a new special six per cent. foreign issue. He has again asked me to write you on the subject. I believe it would pay for you to run down and talk the whole matter over with him. It is now in shape to require only your finishing touch. He thinks a good supply of gold abroad would enable him to control absolutely the markets at home. Think of this.

The next day he wrote:

While I was waiting for your letter from the Secretary of the Treasury (now being prepared) in regard to your commission

on sales of 7-30s I write this. I had a long interview with the Secretary this morning, in the course of which he declared his fixed purpose to make a foreign loan. He says it is indispensable. He is dunned on all hands and says he is satisfied that he must have "two strings to his bow." He says he would sell a loan of 200 millions abroad if he could get it so as to net him about par here. I have not suggested these ideas to him, but I find him so fixed in them that it is useless to oppose them. Moreover, I frankly admit that they accord with my own. The time to borrow abroad is in the flush of our success and when our credit is at the highest point, and Mr. McC. reasons well, I think, when he says he wants to avail himself of this state of things and not to wait until there should be a lull or a reaction. Right or wrong, however, he is fixed upon a foreign loan and if we are wise we will control, as we can, its negotiation. He asked me what I supposed it would cost. I told him he would have to pay the usual European commission of $2\frac{1}{2}$ per cent. and that if we undertook it we would get our compensation out of the European parties. This was upon the basis of our proposition some time ago to Mr. Fessenden. He said he was anxious to hear from you on the subject. I told him I had written you. He wanted me to write again to-day, and I have done so. My conclusion is that the time has arrived when you should have a full understanding with the Secretary on this matter and to that end that you should not lose a day in coming down to talk it over with him. I have said all I have felt authorized to say on the subject and you must do the rest.

Mr. Cooke had for a long time striven to make the Department see the advantages of directly paying government creditors in notes and bonds. It was a feature of the Jay Cooke bill which in the form of the "Jay Cooke Amendment" was voted down by Congress in February, 1863. The plan was urged upon Mr. Chase and Mr. Fessenden and some government paper had been distributed at different times in this way. Now

Mr. Cooke exerted a larger influence than ever before, the law of March 3, 1865, specifically provided for the transfers and he persuaded Mr. McCulloch to authorize him to exchange vouchers for 7-30 notes and fund this part of the floating debt. On February 14th the Subscription Agent had sent a circular to the depository national banks telling them that they could apply the five per cent. legal tender notes to purchases of the seven-thirties. At another time he informed the national banks that he would receive their own notes, having "frequent opportunities to send them to remote points for army payments, etc."¹ Constantly alert to the need of facilitating the operation entrusted to his care he saw that if the vouchers issued for war material, provisions and services to the government could be directly exchanged for "bonds" the Treasury would be cleared of suspended requisitions while it would be saved the trouble and expense of the cash transfer. This matter was taking form in March, 1865. Secretary Stanton then precipitated upon the Treasury Department another lot of old requisitions and on March 30th the suspended debt was stated by Secretary McCulloch still to be about \$100,000,000. Mr. Cooke's programme was submitted to the new Secretary at their first conference and on March 15th he presented his proposals in writing in the following letter to Mr. McCulloch:

Dear Sir — I propose to act for you and the holders of vouchers in carrying out the provisions of the six hundred millions loan bill as applicable at your discretion to the payment of this class of creditors in the seven-thirty loans of the government as

¹ Circular of Feb. 10.

follows: The War Department to make special requisitions upon the Treasury for such sum as may be combined by certain large holders of vouchers to the extent of ten, twenty or thirty millions to be disbursed (according to memorandum by me) in New York, Philadelphia, Washington and Cincinnati by the quartermasters of those cities, who will hand over to the holders of vouchers and in exchange therefor checks for equal amounts on the national depository banks, to be designated hereafter, and not exceeding one in each city. These checks the same day pass into my hands on subscription to the seven-thirty loan and are deposited by me in the banks upon which they are drawn to credit of the Treasurer of the United States on account of my subscriptions.

The result is that the debits and credits are alike on the books of these banks and the Treasury has paid off this large amount of debt, and obtained subscriptions to this large amount of seven-thirty loan. I agree to so arrange with these takers of loan by requiring them to retire for four months the whole amount of loan taken so as not to cause any interference with my regular sales for cash, and also bond these takers to dispose of the seven-thirties only in such manner and in such amounts as I may deem best for the interests of the loan.

If this arrangement is made it will greatly swell my subscriptions and help on the furore of the loan, if managed judiciously by me, and it will also enable you to pay the balance of this class of claims much sooner, and in all imaginable ways benefit the Treasury.

Most truly yours,

JAY COOKE.

The arrangement was subject to some practical objections which were indicated in a letter to Mr. Cooke from an officer of the First National Bank of Baltimore:

Referring to the effect of a somewhat similar proceeding last year when the troops and fleet in the James River were paid in small 7-30 notes, I can see in such a course nothing but the most disastrous consequences to the success of this loan. On the occasion referred to the notes were immediately passed from hand

to hand, or sold at the best obtainable prices and the subscriptions for several weeks entirely ceased at this bank. When government contractors and other creditors are now selling or hypothecating their vouchers on any terms they can obtain for ready money no one can doubt that they would put the 7-30s on the market at the best figures and the subscriptions would be utterly suspended for the time being.

Mr. Cooke, anticipating the objectors, had arranged to obviate the possible dangers of the policy which he advocated. He proposed to negotiate only with holders who would agree to keep their notes for at least four months, and who were to all appearances able to wait so long before realizing upon them. On March 18th Henry Cooke wrote that Secretary McCulloch had assented to the voucher proposition, but it was several weeks before the scheme was given practical effect. On March 29th Secretary Stanton threw an obstacle in the way of the transfers. Henry Cooke wrote to Jay Cooke under that date as follows:

Papers were all completed and placed before him for signature last night when he raised a new legal point under Sec. 2 of the 600 million loan bill. He said the provision of the bill had not been complied with, inasmuch as the creditors of the government had not furnished the requisite notice (of their willingness to subscribe for the 7-30s in payment of their vouchers) "through the Department or office making the requisition." In vain did Harrington plead that it was a mere matter of routine, that such technical objections embarrassed the Treasury in its efforts to clear off the debts of the War Department, etc. He refused to sign the order unless the vouchers were regularly put through the disbursing officer's accounts. At length he yielded so far to the argument that the Departments *were* advised of such desire of the creditors through the Treasury Department acting upon the information of its accredited agent, as to consent that the business should be done in the manner proposed, provided it

were sanctioned by the written opinion of the Attorney General. So the whole matter was referred this morning to that functionary. After a long sitting and full explanation of the whole *modus operandi* and object of the arrangement he has decided in favor of our way of doing the business and at this hour (4 p. m.) is putting his opinion in writing for the Secretary of War. He says, however, to make the record complete and to fully justify the War Department directing settlement in the manner proposed, duplicates of the letters from the holders of the vouchers should be filed with your letter. Harrington is as mad as a "March hare" and I "ain't much shorter," but, thanks to the Attorney General, it's all right now.

Mr Cooke managed these negotiations very shrewdly and in April the trade assumed large dimensions—how large is indicated by a letter from Henry D. Cooke written in the Treasury Department on April 26th:

Dear Brother:— While waiting in the Loan Bureau (Marsh's room) for about $5\frac{1}{2}$ millions of drafts to cover voucher subscriptions I save time by beginning this to you here. We sent yesterday over \$8,000,000 of voucher 7-30s and this lot to-day cleans up all our voucher subscriptions to Monday. We have *in transitu* only about 2,000,000 and from this time forth will remit on the third day after receipt of the schedules. Harrington detailed two of his smartest clerks yesterday to bring up the back work in the Quartermaster General's office and they promise now to keep up. I have seen Mr. McCulloch about continuing subscriptions up to \$50,000,000 and he leaves it entirely to our judgment. I don't see how we can stop short of this amount when we take in all with whom we have partially arranged and all the strong railroad parties who are coming in. The Secretary asked me this morning if some plan could not be devised by which the government indebtedness could be reduced more rapidly. As I could see no way of increasing the amount of popular subscriptions it occurred to me that as payment of maturing certificates of indebtedness was the great absorbent of money received from subscriptions it might be well to get some of them

out of the way just as we were getting the vouchers out of the way. As these certificates are mostly held by banks we could doubtless make a dicker with them to swap the certificates for 7-30s and save all our $\frac{3}{4}$ commission thereon. I proposed to the Secretary that he should authorize us to receive at par and accrued interest to date in payment for subscriptions to 7-30's any certificates maturing during the months of May, June and July. He assented to it. (Is it not a good move?) But he said we must exact of the banks making the trade the same conditions that we do of the voucher subscribers. This will at least help swell our subscriptions to 100 millions a month. We don't propose doing anything in this matter till we hear from you, but I thought you could pick up in this way in New York, Philadelphia and Boston from 30 to 50 millions.

There was of course ground for charges of bad faith and Mr. Cooke in these negotiations procured himself much trouble in enforcing the rules he had established for the transfer.

The kind of an agreement which was exacted of holders is indicated in the circular issued on April 22nd by C. H. Hoyt, Chief Quartermaster of the Northern Department, whose office was at Cincinnati. It was as follows:

You are respectfully informed that the existing indebtedness of the Quartermaster's Department will be paid in 7-30 Treasury notes to such government creditors as will agree to receive the same in payment and hold them for four months.

Consult with the principal creditors and forward the names of such as agree to come into the arrangement as follows: "We the undersigned agree to accept payment in seven-thirty United States bonds at par in payment of indebtedness due us respectively by the United States for the amount placed opposite our respective names; the bonds issued to each subscriber hereto in pursuance to this agreement to be held by him four months before being placed in the market."

The holder of \$3,000,000 in vouchers at New Albany, Ind., who was asked to convert them into seven-thirty notes and early agreed so to dispose of \$1,000,000 expressed a fear that the agreement would not be observed by the necessitous. He wrote:

If the door is to be thrown wide open and notes given to all voucher holders exacting a promise to hold four months then I want no more. But if you give the notes only to such discreet parties as are known to have the ability, integrity and disposition to hold them four months as agreed then I want more. I grant you this seems at first glance a selfish plea, but is it? If the notes are given to all voucher holders what will be the result? The needy, greedy, hard-pushed and unscrupulous will soon flood the market, force sales at ruinous prices to the discredit of the government and the serious loss of honest holders.

W. J. Lowrey and Company of Evansville, Ind., complained on April 28th that the quartermaster in that place was receiving proposals from holders of vouchers in amounts as small as \$400 which was contrary to Mr. Cooke's expectations and desires.

The taker of the notes must not only agree to hold them but it should also be ascertained whether or not he was able to hold them. With this object in view it was specified that transfers should not be made for small amounts or to irresponsible persons, and in the exercise of discrimination there were adopted processes troublesome to the voucher holder and the agent, the reward frequently being many very unpleasant accusations. An indication of what Mr. Cooke experienced is found in a letter to him from C. W. Moulton, the Quartermaster at Cincinnati, who wrote on May 10th:

Your note of the 8th is received. No one has the right to say that I have given any opinion that in the distribution of the

7 3-10 bonds there was any favoritism, and whoever says I have said so states that which is false. No one appreciates more than I do the aid you have rendered in this matter, and no one is or can be more thankful to get out of debt than I am. I have had no object but to protect the credit of the Department here and by the kindness I have received from yourself and the Quartermaster-General and others connected with it a great deal of good has been done — for which the public ought to be thankful, but I suppose that when we are done with doing them good they will accuse us of selfishness. I, too, in this matter have been charged with favoritism, but I am grown indifferent to what is said of my official acts. I know that there will be about so much fault found under any circumstances. I do not believe the people will ever be made to understand the amount of labor and management it has taken to keep the sale of the loan steadily progressing as you have done, nor can they appreciate the trouble that would have occurred if it had not been done.

For a long time a small transaction involving the sale of four millions of "old" five-twenty bonds had been pending. In March, 1863, funds were sent to Europe for a foreign operation. Ten millions of dollars in five-twenty bonds were placed in the hands of the Barings in London so that bills could be drawn against the sum but the negotiation failed. Six millions were returned to the Treasury and four remained for sale in Europe on a favorable market.¹ Again and again for two years this balance was the subject of letters and conversations between Mr. Cooke's representatives and the Secretary of the Treasury, first Chase, then Fessenden and finally McCulloch. In February, 1865, Mr. Cooke offered to buy this lot of bonds at nine per cent. premium, or to

¹ Report of the Secretary of the Treasury for December, 1864. For the correspondence between Chase and his foreign agent, see Chase Papers in Pa. Hist. Soc. Library.

sell them on commission as the Secretary might prefer. His offer was as follows:

BANKING HOUSE OF JAY COOKE AND COMPANY,

WASHINGTON, D. C., February 17, 1865.

Hon. Wm. Pitt Fessenden, Secretary of the Treasury:

Sir:— We will purchase of you one million of the United States five-twenty bonds now in the hands of Messrs. Baring Bros. and Company, London, at nine per cent. premium deliverable at London, with the privilege of taking the remaining three millions or any part thereof in instalments of not less than 1,000,000 each at the same price within thirty days from day of acceptance of this proposition.

If the necessities of your department should require before expiration of the thirty days the whole 4,000,000 we will advance the amount in case of the acceptance of this proposition for the term of the option, to be repaid to us with interest in case we do not avail ourselves of the above privilege.

When it is considered that we will have to pay a commission of at least $\frac{1}{2}$ per cent. sterling (equivalent to say $1\frac{1}{8}$ per cent. in our currency), upon sales of the bonds if sold in England, and if sold in this country an equal or greater expense for freight and insurance, besides loss of interest, to say nothing of the risks of fluctuations in the exchange market and price of bonds, we think the above proposition a liberal one. The price offered is about the average during the past two weeks, and even at the present quotations affords a very small margin to cover risks and expenses.

Or if you deem it more advantageous to the government we will sell the bonds at best rates, our charges for commissions upon net sales being one-fourth of one per cent.

Yours very truly,

JAY COOKE AND COMPANY.

This offer was not very favorably received by the Secretary. On February 23rd in consequence of a decline in the price of bonds Jay Cooke withdrew it. "This will

make the Secretary realize," wrote Henry Cooke, "that there is such a thing as risk in these big purchases." These bonds were finally sold by Secretary McCulloch through Jay Cooke at a price averaging a little more than 106, Mr. Cooke being paid one-eighth of one per cent. for managing the operation which raised the total issue of the original five-twenties to about \$515,000,000.

By this time Richmond had fallen. Soon Lee surrendered to Grant and the war was practically at an end. There would be no more bloodshed, though tasks of a different kind, and of even greater magnitude confronted the country in the disbandment of the army, the payment of suspended debt, the formulation of a plan for the resumption of specie payments, the conciliation of the South and the return to the Union of the disaffected states. On April 3rd Fahnestock wrote: "I had only fairly begun my talk with the Secretary when the Richmond news upset the financial topic entirely. I was with McCulloch when Ben Wade came in with the announcement that Weitzel had occupied Richmond. Ben was crazy with excitement and before I had fired off the telegram to you the whole Department was in an uproar, and presently the clerks were all let loose for a jollification, followed by the clerks in the various other government offices. Seward's speech I heard and it was irresistibly funny. You will see it in the papers. Stanton they say was beside himself—his skin would hardly hold him."

"All Washington was drunk yesterday," continued Fahnestock in his letter of April 4th explaining the disorganization of the Departments and the impossibility of conducting business in the regular way. The city was

illuminated and the lords of misrule were in complete command of the streets. The banking house of Jay Cooke and Company bore striking inscriptions. Over the north door the figures "5-20" were boldly displayed and over the south door "7-30." Between these two transparencies was hung a larger one containing these words:

The Bravery of our Army,
The Valor of our Navy
Sustained by our Treasury
upon the Faith and
Substance of
A Patriotic People.

The capture of Richmond was rapidly followed by the surrender of Lee's army when joy again was unconfined. All serious work in the government departments and in private business houses was interfered with because of the carousals of the clerks, and nothing could be done, Henry D. Cooke wrote on April 7th, "till the poor fellows get through celebrating Union victories."

"How our poor friend Richard Cobden would have joyed to see this day," wrote Frank H. Evans from London in response to Mr. Cooke's telegrams announcing Lee's surrender. "Alas he did but pass away the day of the evacuation of Petersburg."

Throughout this excitement Jay Cooke's chief task was to watch and manipulate the New York stock market. It no sooner showed signs of settlement than some fresh piece of news came in to disturb it. The panic in March when the collapse of the Rebellion was anticipated broke out afresh when the actual news of Grant's successes reached Wall Street. On March 29th¹ McCul-

¹ H. D. C.'s letter of that date.

JAY COOKE & CO. Bankers,

11th St. Philadelphia - N



No. _____

Washington, D. C., March 14 1866

JAY COOKE & CO., Bankers,

Pay to the order of *Wilkes Booth* or Bearer,

Five Dollars.

2500 *Wilkes Booth*

LAST CHECK OF J. WILKES BOOTH ON JAY COOKE AND COMPANY, OF WASHINGTON

The following letter from Mr. Falnstock accompanies the check in Jay Cooke, Jr.'s album:

"Dear Jay, Jr.:

"Enclosed is Booth's last check on us. Preserve carefully, as it might be called for some day.

Washington, Aug. 2, 1865.

"Yours,

"H. C. F."

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loch sent three millions to Stewart for use in the market and on April 2nd three millions more,¹ but he was fearful of overloading himself with the cheap and unpopular 10-40s. Fahnstock wrote Jay Cooke on April 3rd: "I shall urge him [the Secretary] to a resolute fighting of the bears and have telegraphed you to write him today a strong letter to keep his courage up."

Much was done in this line by Jay Cooke and his agents without touching public funds or involving the Department in responsibilities.

"We are all anxious to save the government from buying," Crawford wrote to Jay Cooke on April 1st, "and shall do all we can to prevent it. We sell bonds right out at cost where they go out of the market." The efforts of Mr. Cooke, who was so well aided by Crawford, Fisk and Hatch and Vermilye, were again wholly successful. On April 8th Henry Cooke wrote his brother Jay:

The fact that governments went up yesterday, while gold declined, the Secretary regards as the most healthy feature recently developed in the market. He fully appreciates the success of your management in New York, and admits that all you promised has been realized. Henceforth you have *carte blanche* to manage the market in your own way and your agents can buy governments whenever it is necessary to keep the price stiff. He is particularly anxious that there should not be another decline in governments and is troubled no more about gold. We talked at some length about the letters he is getting from N. Y. (samples of which I sent you), and he now understands them. They will not induce him to swerve from the course he has marked out, but on the contrary will make him more firm, for he now knows who are the true friends of the government.

¹ Fahnstock's letter of April 3d.

The excitement over Lee's surrender had scarcely calmed when the country was compelled to undergo the experiences arising out of President Lincoln's assassination. From almost uncontrollable joy there was swift passage to horror, sorrow and a desire for vengeance. On April 15th Henry Cooke wrote:

A night of horrors and a day of impenetrable gloom! I was aroused from my sleep last night about half past one o'clock by the fearful tidings of murder and assassination. Huntington came over to tell me the President was dying and that Seward and his son Frederick, the assistant secretary, were not expected to live till morning. I slept but little after he had gone. I cannot dwell upon the details of this stupendous tragedy. The newspapers will tell you all about them. Governor Seward's wounds were not mortal, but he was in a very critical condition before, and it is doubtful if he recovers. Attempts were made to get at Vice President Johnston, but they were foiled. Secretary Stanton was to have been another victim, but the skulking assassin was frightened away from his door. Facts enough are already developed to show that there was an organized conspiracy to assassinate the President and his whole cabinet, together with the Vice President. The murderer of the President was Booth beyond all doubt. He is in custody, although the fact is kept from the public for fear of violence. Johnston was sworn in this morning by Chief Justice Chase in the presence of McCulloch, Dennison and Speed. The cabinet met at noon today at Mr. McCulloch's room in the Treasury. They are still, at 3½ o'clock, in session, and General Grant is with them. All business is suspended throughout the city. Have just heard from Fred Seward. He is some better and there are now slight hopes of his recovery.

Mr. McCulloch instantly decided what course to pursue when I read him your telegram. He leaves it all to you and Mr. Stewart. The members of the cabinet have all tendered their resignations *pro forma*, which will not — at least at present — be accepted. I infer from some things Mr. McC. said to me this

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Terms and Conditions on which this and all Messages are received by this Company.

In order to guard against and correct as much as possible some of the errors arising from atmospheric and other causes appertaining to telegraphy, every important message should be REPEATED, by being sent back from the station at which it is to be received to the station from which it is originally sent. Half the usual price will be charged for repeating the message, and while this Company in good faith will endeavor to send messages correctly and promptly, it will not be responsible for errors or delays in the transmission or delivery, nor for the non-delivery of REPEATED MESSAGES, beyond TWO HUNDRED times the sum paid for sending the message, unless a special agreement for insurance be made in writing, and the amount of risk specified in this agreement, and paid for as the time of sending the message. Nor will the Company be responsible for any error or delay in the transmission or delivery, or for the non-delivery, of ANY UNREPEATED MESSAGE, beyond the amount paid for sending the same, unless in like manner specially insured, and amount of risk stated herein, and paid for at the time. No liability is assumed for errors in cipher or obscure messages; nor is any liability assumed by this Company for any error or neglect by any other Company over whose lines this message may be sent to reach its destination, and this Company is hereby made the agent of the sender of this message to forward it over the lines extending beyond those of this Company. No agent or employee is allowed in any case to make any other or verbal agreement, nor any promise as to the time of performance, and no one but a Superintendent is authorized to make a special agreement for insurance. These terms apply through the whole course of this message on all lines by which it may be transmitted.

CARLIDGE LIVINGSTON, Sec'y,

140 BROADWAY, N. Y.

E. S. SANFORD, Pres't

24 Date Washn Apr 11 1865.

At 1, Philadelphia, _____ 1865, _____ o'clock, _____ min. M

J. Cooke

You are authorized to do
as you think best conforming
with precedent who has been
telegraphed fully authentic

J. D. Cooke

18/col 82

A DESPATCH AUTHORIZING JAY COOKE TO SUPPORT THE CREDIT OF THE UNITED STATES AFTER LINCOLN'S ASSASSINATION

morning that he expects to be permanently retained. The good of the country requires that in this emergency there should be no change in his Department, and I therefore have not thought it wrong to take instant steps to forestall any movements that might be made to displace him. Colfax, Defrees and others in the confidence of the new President will look after this. It is not probable that much business will be done till after the funeral of Mr. Lincoln, which will not take place before Wednesday next. Would it not be well for you to go to New York Monday to direct operations to sustain the market? Stewart has full authority from the Secretary to anticipate the May interest to keep down gold.

Mr. Cooke did not need Mr. McCulloch's authority to re-enter the market. The news of the assassination was received by him on Saturday morning while proceeding from his country home to the railway station, to take a train for Philadelphia. He was accompanied by his son Jay and he at once wrote despatches to his agents in New York, commanding them to purchase bonds in unlimited amounts. The market must be sustained at all hazards. He also telegraphed to Washington. Then, instead of going to his office, as he had intended, he boarded the first train for New York, writing hurriedly on the way to his brother Henry: "It is all important that government securities should stand like a rock. . . . Poor Lincoln—a noble soul has gone."

In his Memoirs Mr. Cooke says of this incident:

"I telegraphed to my agents in New York to purchase all United States bonds thrown on the market, saying that I would meet them at the Sub-Treasury before three o'clock and take them off their hands. At the same time I sent to my house in Washington an urgent despatch, assuring the Secretary that I would thus

No. _____

Seq'd _____

TO ALL POINTS IN THE UNITED STATES AND BRITISH PROVINCES.

United States Telegraph Company,

S. E. Corner Third and Chestnut Streets, Philadelphia.

NOTICE.

FIRST. To guard against errors, every dispatch should be telegraphed back to the Station from which it is sent. For each repetition, one half the regular price will be charged.

SECOND. The Superintendant of the Company will, if required, enter into a special contract in writing, to insure against errors and delays in the transmission and delivery of messages. Such contract shall be made at the sending of the message, the conditions paid, and the amount of risk specified. No other person is authorized to make a contract of insurance.

The conditions upon which this Company sends messages are as follows, viz.: That it shall not be held liable for any mistake or delay in unrepaid messages, from whatever cause they may arise, nor for any mistake or delay in the transmission or delivery of repeated messages, paid for as above mentioned, beyond an amount exceeding five hundred times the sum so paid. They shall they be held liable under any circumstances for errors in cipher or obscure messages, or for interruptions in the working of their lines, nor for any mistake or delay of any other Company, over whose lines any message may be sent to reach its destination.

JAMES McKAYE, President, N.Y.

S. C. HAY, Secretary, New York.

April 15 1865 Received _____
 By Telegraph from _____ *Washington* _____
 To _____ *Jay Cooke* _____
 No. _____

*The President died at twenty²⁰
 minutes past seven Report
 Just comes in Fred Seward
 is dead.*
 H -

16 col 74

TELEGRAM TO JAY COOKE FROM HENRY D. COOKE ANNOUNCING LINCOLN'S DEATH

THE AMERICAN TELEGRAPH COMPANY. NORTH, SOUTH, EAST AND WEST.

CONNECTING WITH ALL THE SOUTHERN, WESTERN, EASTERN AND NORTHERN LINES OF TELEGRAPHS.

PHILADELPHIA OFFICES.—MAIN OFFICE, 106 and 107 South Third Street.

BRANCH OFFICES, Continental Hotel; 1003 Beach St., Kensington; 143 North Broad St., cor. of Fourth and Market, West Philadelphia; and at the Rail Road Depot, corner of Broad and Prime Streets.

Terms and Conditions on which this and all Messages are received by this Company.

In order to guard against all errors, so much as possible some of the errors arising from atmospheric and other causes appertaining to telegraphy, every important message should be REPEATED, by being sent back from the station at which it is to be received as the station from which it is originally sent. Half the usual price will be charged for repeating the message, and while this Company in good faith will endeavor to send messages correctly and promptly, it will not be responsible for errors or delays in the transmission or delivery, nor for the non-delivery of REPEATED MESSAGES, beyond TWO HUNDRED times the sum paid for sending the message, unless a special agreement for insurance be made in writing and the amount of risk specified on this agreement, and paid for at the time of sending the message. We will the Company be responsible for any error or delay in the transmission or delivery, or for the non-delivery, of ANY UNREPEATED MESSAGE, beyond the amount paid for sending the same, unless the message specially insured, and amount of risk stated herein, and paid for at the time. No liability is assumed for errors in cipher or plaintext messages; nor is any liability assumed by this Company for any error or neglect by any other Company over whom this message may be sent to reach its destination, and this Company is hereby made the agent of the sender of all messages forwarded by over the lines extending beyond those of this Company. No agent or employee is allowed to vary these terms, or make any other or verbal agreement, and any promise as to the time of performance, and no one but a Superintendent is authorized to make a special agreement for insurance. These terms apply through the whole course of this message on all lines by which it may be transmitted.

CAMBRIDGE LIVINGSTON, Sec'y,

140 BRADWAY, N. Y.

E. S. SANFORD, Pres't,

25 Data Wash April 15 1865.

Rec'd, Philadelphia, 1865, o'clock min. M.

To Jay Cooke & Co

Andrew Johnson has been
sworn in as President by Chase
Supposed assassin caught.

H. D. Cooke

13 Feb 62

HENRY D. COOKE'S TELEGRAM ANNOUNCING ANDREW JOHNSON'S SUCCESSION

fully maintain the credit of the nation in this crisis and that the money would all come back to the Treasury by a re-sale of the bonds."

On Saturday, however, the boards did not open for trade, dealers in governments kept their doors closed and there were no quotations. "Everybody is too much horrified to think of business; we must wait for Monday," Crawford told Jay Cooke.

On that day, April 17th, Henry Cooke wrote his brother as follows:

You can have no idea of the confusion prevailing at the Departments, and of the difficulty of doing business, but we keep at work. The Secretary is entirely satisfied with your management and told me to telegraph you to act upon your own judgment co-operating with Stewart. In regard to anticipating the May interest he don't want it done unless it is necessary to prevent a great rise in gold, which it won't be from present indications. He thinks this should be resorted to only in case of extremity, as the government would appear to be weak and he wants it to appear strong. If gold can be kept down without it the moral effect would be better. Stewart had about 3½ millions gold which he bought lately and he says that should be first used, and he thinks that is all that is necessary. Your and Crawford's telegrams have greatly reassured him.

On April 18th Henry Cooke added:

I have only time before the late mail goes to say in brief that you have *carte blanche* to manage the market as you may deem best. Mr. McC. leaves it all to you and Stewart.

On the 19th while still in New York with a firm hand upon the situation, Jay Cooke wrote:

I find a very precious feeling here in regard to Mr. Lincoln's memory and the effect of his death is to bond all the people in a firmer Union. All parties unite in saying that God's hand is

in it all, and that we are stronger in every way than we were last Friday p. m. Is it not a splendid spectacle? ¹

Concerning this operation Jay Cooke continues in his *Memoirs*: "The first day my agents brought me some three millions and it required the purchase of less than twenty millions in the space of seven or eight days to end the panic. The bonds were resold and the money was replaced in the Treasury at a profit to the government, as I had directed an advance each day of one-eighth on all the old issues of bonds, so that the spectacle was presented to the world of a nation with its credit unimpaired and its securities advancing in price while suffering from a terrible calamity. The *London Times* and other influential European journals commented with surprise upon this wonderful exhibition of confidence on the part of the American people. I have always regarded this as among my greatest successes in finance. The world was not informed as to the particulars of this movement until long afterward. I preferred that the national credit should enjoy all the advantages of this action on my part and it was eight years before any public reference was made to the subject."

Although all business was suspended in Washington until after the President's funeral the politicians gave themselves no rest. On April 17th Henry Cooke wrote:

A violent effort is being made by an immensely strong combination, embracing all the radicals, to oust the present cabinet root and branch. We—that is, Colfax, Defrees, Wilkeson, Huntington, Thurlow Weed, myself and others—have (judiciously) blocked the game, at least for the present; and in any event I think there is no doubt of McC.'s being retained. It is a fight between the two factions—the radicals and the con-

¹ To H. D. C.

servatives — and fortunately for McC. he has not been politician enough to be obnoxious to either party — while as a practical financial man his retention is indispensable. A change would shake confidence, etc. We have used these arguments successfully. Great confidence is shown in the new President, who has displayed admirable qualities in his new position already. We haven't been idle, but I have kept in the background. In any event, our agency will not be disturbed.

The next day Henry Cooke continued his report:

I have nothing new to advise you to-day beyond what has been done in reference to McCulloch's retention in the cabinet. We have had hard work, but now have every assurance that it is all right. Wilkeson has been a host and my old friends have been powerful and zealous — Colfax, Covode, Julian, Wilson and others. The plan was "nipped i' the bud."

CHAPTER XI

MORE SEVEN-THIRTIES

The severity of the panics induced by the collapse of the rebellion and the assassination of Lincoln, which it was predicted would undermine the whole artificial structure of value and price founded upon the paper money system, was in large degree mitigated by Jay Cooke's bold and skilful services. The markets in a short time resumed their equanimity and it was not long before there began a most surprising speculation in seven-thirties, the issue being subscribed for with undreamed of speed. All the records of Mr. Cooke's office were broken and before the end of May the entire Second Series of \$300,000,000 of notes had been distributed.

The excitement began late in April. The subscriptions during the month as they were reported to the newspapers were as follows:

April 1.....	\$2,416,500
April 3.....	2,108,300
April 4.....	2,075,600
April 5.....	2,315,500
April 6.....	2,521,600
April 7.....	3,307,400
April 8.....	2,567,400
April 10.....	2,873,650
April 11.....	3,132,400
April 12.....	3,526,100
April 13.....	3,264,500

April 14.....	3,642,300
April 15.....	3,710,250
April 17.....	2,651,700
April 18.....	2,701,300
April 19 — No Business.....	Lincoln's funeral
April 20.....	3,062,300
April 21.....	2,743,300
April 22.....	4,110,900
April 24.....	4,271,650
April 25.....	4,023,550
April 26.....	4,162,100
April 27.....	4,560,300
April 28.....	4,153,500
April 29.....	4,254,600

Thus for the week ending April 22nd, notwithstanding the fact that it was the week of Lincoln's funeral, the subscriptions reached a total of \$15,269,700 and for the next week ending April 29th, in which no day yielded a total of less than \$4,000,000, the aggregate return was \$25,425,700. This seemed to be a very large amount as judged by the earlier standards of the "Agent's" office, but with the opening of the next month all precedents were cast to the winds. May began as follows:

May 1.....	\$5,175,900
May 2.....	5,231,100 ¹
May 3.....	7,261,300
May 4.....	6,103,230

¹ The "Tycoon" was absent from the office at this time and J. W. Sexton in charge wrote him: "I have reported sales — \$5,231,100; afraid to go too high to scare the monied people, but the actual sales were \$6,500,000. Fisk and Hatch, Vermilye and Co. and First National Bank, New York, took each a million and all the little fellows who have been subscribing for 10,000 every few days went boldly in under the influence of the ½ per cent. to the tune of 30 to 50,000, which swells the lot. At this rate the whole loan will be taken in a few weeks to the astonishment of McCulloch and everybody else."

May 5.....	7,457,150
May 6.....	9,158,400

Thus the first six days of the month yielded subscriptions amounting in the aggregate to \$40,387,100. That the bonds were not being taken by the banks to be unloaded in blocks upon the market in an injurious way at some future time, as the ten-forties had been, was shown by Jay Cooke's reports of his sales to working men and women and small investors. In the first week in May the separate individual subscribers to \$50 and \$100 bonds reached the following totals:

May 1.....	3625
May 2.....	3651
May 3.....	5081
May 4.....	4271
May 5.....	5210
May 6.....	6401

The next week produced much more surprising results:

May 8.....	\$6,183,200
May 9.....	15,165,300
May 10.....	17,410,100
May 11.....	15,411,800
May 12.....	13,762,300
May 13.....	30,451,950

For this week the total was \$98,834,650 or nearly one-third of the entire Second Series of notes without taking account of the sales through the various sub-treasuries. In spite of the large banking house subscriptions the number of orders for \$50 and \$100 notes from all parts of the country was immense. On May 9th there were no less than 10,651 of these; on the 10th 11,928 and on the 11th 10,752.

On Tuesday, May 9th, Fisk and Hatch removed from 38 Wall Street to their new office at 5 Nassau Street. They wrote to Jay Cooke on May 5th that they intended "to celebrate that event with the biggest order for 7-30s that you ever had—a regular astonisher. We shall embody it in a special telegram to you which we should be glad to have you quote entire in your regular despatch to the press, stating that it is the largest subscription ever made to any popular loan of the government (if it turns out to be so and we think it will). It will make a good 7-30 item and be good 'thunder' for the loan and for your humble servants." Mr. Cooke was in the habit of naming his large subscribers in his daily reports to the press, and he quite gladly acceded to the request of his sub-agents. When it arrived the order was for "five big Indians," that is Choctaws by the 7-30 code, or millions, swollen by a few smaller orders to \$5,059,400 for the firm on that day. It was an enormous order but the next day, May 10th, Joseph U. Orvis's Ninth National Bank of New York, which had been one of the largest sellers for Mr. Fessenden before the Jay Cooke agency was established (it took about one-tenth of all the seven-thirties then sold) forwarded orders for \$3,121,450, and on Saturday, May 13th, subscriptions for \$5,554,000 were received from that bank.

The entire country viewed the events of this week with wonderment and the feeling was not foreign to Mr. Cooke himself, and his Washington partners. On May 2nd Fahnestock who was on duty at the Philadelphia office wrote Jay Cooke that the footings would be "awful." On May 5th Henry Cooke said in a letter to his brother Jay: "I can't tell you how much the Secre-

tary is gratified at our magnificent sales. Including voucher conversions, which we will hurry through as rapidly as possible, they will foot up nearly or quite fifty millions for the week. This removes all doubt of our disposing of the whole three hundred millions by the 20th of July and thus ensuring the $\frac{3}{4}$ per cent. beyond contingency."

On May 9th he wrote again: "What glorious subscriptions. Truly God has blessed our work and we owe him grateful and humble acknowledgments."

The Second Series was now gone. The situation on May 12th was stated by Fahnestock as follows:

Total sales, including \$4,000,000 to California and	
\$4,000,000 to Stewart in New York.....	\$242,000,000
Voucher requisitions <i>in transitu</i>	13,000,000
Yesterday's subscriptions in press despatches.....	14,000,000
Reserve for vouchers being negotiated, say.....	5,000,000
	<hr/>
Total	\$274,000,000

Leaving a balance of \$26,000,000
less orders *in transitu* for which no telegrams had reached the agency.¹

This balance melted away the next day when subscriptions were received for \$30,000,000 from all sources anxious to be supplied before the books were closed. Thus the sale of the Second Series of \$300,000,000 which Jay Cooke was asked to finish before July 10th, a date that seems afterward to have been moved forward to July 20th² was actually completed on May 13th, or in thirty working days.

"It is a glorious work," wrote John A. Stewart from

¹ Letter to J. C.

² H. D. C. to J. C., April 17 and May 5, 1865.

To Associated Press Agent.

The subscriptions, to-day, to the 7-30 LOAN, in all parts of the Union, as telegraphed to JAY COOKE, Subscription Agent, ~~up to~~
~~at~~ ~~close~~ ~~this~~ ~~afternoon~~, amount to \$ 2,157,950

The largest single Western Subscription was \$ 1,035,000
 from 2 National Bank Chicago
Concun. at 1,000,000.

The largest single Eastern Subscription was \$ 557,000
 from 1 National Bank NY
1,000,000
1,000,000
500,000

The number of individual subscriptions by working men and women, making up portions of the above aggregate
 (with) 21,507

Of \$50 Subscribers there were 21,507

Of \$100 Subscribers there were

Henry Clear Co NY	100,000
Nat. Merc. Co. Wash.	400,000
Nat. Exch. Wash.	200,000
2 N. Y. Bank	200,000
2 Boston	500,000

Total. 2,157,950

THE ANNOUNCEMENT TO THE PRESS OF THE LARGEST DAY'S SALES OF 7-30 NOTES

the New York Sub-Treasury, "and you are justly entitled to feel proud of your success."

"Your name will shine brilliantly in the financial history of the country and of the great war," wrote Frederick Kühne, the New York banker. "No one has been more rejoiced than myself at your splendid success and able management of the loan, and I cannot help expressing my admiration and congratulations."

"No other man in America save Jay Cooke," wrote W. H. Foster of the Central National Bank of New York on May 15th, "could have accomplished so much in so short a period at so small a cost—nor half."

"It is an era in finance," said an Ohio journal proudly. "Nothing like it has ever been seen. It demonstrates the strength of the republic based upon intelligence, patriotism and resources, such as have no parallel in the world's history. Jay Cooke, an Ohio boy, has secured a lasting place in financial history, but back of all and higher and prouder than all is the great American people; and to them, their intelligence, their resources and patriotism is the glory and praise."

"The unbounded confidence of the people in the stability of the government in the extermination of the rebellion beyond all resurrection and the unprecedented prosperity of the country which four years of war have not even touched," said the New York *Tribune*, "are facts stamped upon the pages of history by these figures which nothing but the hand of time can efface. But even such great facts needed a guiding hand to record the figures and that was found in the financial genius of the great Philadelphia banker."

As at every time in the earlier history of Jay Cooke's

loan operations when the subscriptions poured into his office, rivals appeared in the field to discredit the service, and if possible deter the Secretary of the Treasury from paying for what was obviously so easy of accomplishment. "There are people to whom everything seems easy of doing when it has been done," observed the *New York Commercial Advertiser*. Indeed the operation was so overwhelmingly successful that by many it was considered a gift to the people to allow them to subscribe for seven-thirties at par and a theft from the government to pay Jay Cooke three-fourths of one per cent., or any less sum, for receiving their money as it flowed in. On May 5th Henry Cooke reported that Mr. Fessenden had written to McCulloch advising that the seven-thirties be withdrawn from popular subscription. The Secretary should now advertise for proposals and work off the notes at a premium. Fessenden, it was explained, was urged to make this recommendation by "an eccentric and witless member of Congress" whose letter accompanied that of the ex-Secretary of the Treasury.¹ Indeed Mr. McCulloch was in receipt of several communications assuring him that he could secure money at much cheaper rates, "forgetting," as Fahnstock wrote to Jay Cooke,² "how came the present furore." One of these was "from your friend (?)—this in confidence—Tony [Anthony J. Drexel] urging that by withdrawing the loan from the market he could obtain money at a lower rate, or sell the 7 3-10 at a premium, or at least save commissions." Smarting under a feeling of jealousy

¹ This seems to have been Henry Cooke's first impression of James G. Blaine, "Blain of Maine."

² May 12th.

aroused by seeing a young house reach such heights at his very doors Mr. Drexel had begun actively to antagonize Mr. Cooke's operations. This enmity was not returned by the Subscription Agent for at all periods of his life he was remarkably free from resentments, and to the last he believed that Mr. Drexel was at ground a friend, though his partners did not try to conceal their hatred of the methods sometimes employed by the rival Philadelphia banking house.

For Mr. Drexel's friend, George W. Childs, the editor of the *Public Ledger*, however, Mr. Cooke had no liking. Some of his traits being foreign to the financier personally they were not understood in others and when seen were cordially despised. It was Mr. Childs's delight from this time onward actively to antagonize Mr. Cooke's projects, seemingly with the thought that such action was of advantage to Drexel and Company on which he was entirely dependent for his position as the editor of the newspaper wherewith his name was so long identified. The Subscription Agent counted upon the *Ledger's* friendship during the progress of the five-twenty loan, but in view of the great success of the seven-thirty sales, and indeed from the time of its change of ownership in 1864, its hostility became very noticeable.

Mr. Drexel offered Mr. Cooke "his gratuitous advice not to become the agent for the loan"¹ and Mr. Childs now refused to print, even for money, notices of the progress of the sales or indeed anything favorable to the operation. Finally Mr. Cooke, unable to bear it patiently any longer, went to the editor of the paper

¹ J. C. to H. D. C., Feb. 21, 1870.

and said some words in unwonted anger of which he soon repented, as he did of all his unkind speeches, no matter how great the wrong by which they were provoked. Before returning home for the night he again visited the *Ledger* office to apologize, saying that it was the rule of his life never to let the sun go down upon his wrath. What Mr. Childs did in response to this peace-offering was to refuse again to speak to Mr. Cooke and the breach reached the stage of open warfare while the banking house was engaged in building the Northern Pacific Railroad. Their social relations were not resumed until within a month of Mr. Childs's death, when they one day met in the street and the editor invited the old financier—to his lasting gratification—into the *Ledger* building to talk a little while, and look at his pictures and mementoes.

To all such advisers the Secretary turned a deaf ear and determined to keep the "Agent" until he had completed his work. In an interview on May 9th, McCulloch told Henry Cooke that he purposed issuing at once through the Philadelphia banker the Third Series of notes, \$230,000,000, the balance of the loan. He proposed to make them payable three years from October 15, 1865, giving the government the right at the end of any semi-annual period of paying the interest at the rate of six per cent. in gold instead of the 7 3-10 in currency. There was now much discussion of the question of a probable return to specie payments and a Baltimore banking firm, correspondents of Jay Cooke, reported that half their 7-30 sales were to persons who were converting their gold and sterling balances into the notes. Gold bought four years before at par, held through the excite-

ment which sent it up to 180, now when it had fallen to 30, was going into government paper lest the premium should entirely disappear.¹ It was regarded as a concession to cavillers, and in general a shrewd movement, since it indicated an early resumption of specie payments, to issue the new series of notes with such an option. The "Agent" strongly disapproved of the alternative arrangement. He said that he had received literally "hundreds" of letters from his sub-agents, the bankers in all parts of the country, stating their objections to the change. Mr. Cooke's friend, John A. Stewart, the Assistant Treasurer at New York also opposed the option, for he wrote on May 15th:

I should much regret to have Mr. McCulloch make any change whatever in the character of the next series of 7-30 notes. The option which the newspapers say he proposes to reserve, of paying the interest in coin at six per cent., is really of very little importance either to the government or to the people. Yet I fear it might check the sale of the bonds and therefore I hope it will not be insisted upon by the Secretary. Investors don't like options against them. I trust the only difference between the next and the present issue will be in the time of payment.

But Mr. McCulloch favored the option and it was reserved. October being too far ahead, requiring much bookkeeping to arrange for the prepayment of interest, the Secretary fixed upon July 15th as the date of issue, and thus was the Third Series entrusted to Mr. Cooke's accomplished agencies.

The financier was annoyed not only by the negotiations regarding the commissions which were to be paid him by the government for his services; as in the 5-20 cam-

¹ Fahnestock to J. C., May 12.

paign there was also much misunderstanding and mutual recrimination in the awarding of allowances to sub-agents. Now, however, he had unlimited control of the loan. No longer were there separate sales through the sub-treasuries and the Subscription Agent at the outset declared very positively that his regulations must be observed; offenders would be stricken from the list of his representatives. He was determined entirely to abolish the practice of making discounts to investors which had led to so much unhappy disagreement in the sale of the 5-20 loan. In his first circular on January 28th after promising his agents an allowance of three-eighths of one per cent., Jay Cooke said:

The object of this commission being not to sell the loan at a discount it is requested that allowances to investors shall cease. . . . The system of indiscriminate allowances to purchasers who do not buy for resale is believed to have influenced very few investments that would not have reached the Treasury without them, and has absorbed large sums that might have been expended to the direct advantage of the loan through agents and advertising.

In his circular called "7-30 Instructions," sent out on February 1st, Mr. Cooke further declared:

The allowance of three-eighths per cent. made you is for the following purposes, viz.:

Extensive advertising, printing and distribution of circulars, traveling agents, and commission allowances to banks and bankers who buy to re-sell to their customers, and who advertise the loan.

Also such allowances as may be expedient, not exceeding one-fourth of one per cent. to regular street brokers, or such parties as make it their business to hunt up and induce subscriptions, and without whose efforts such subscriptions would not be made.

No allowance or discount must in any case, directly or indi-

rectly, be made to purchasers or investors for their own account. The law does not permit this diversion of the very small percentage provided for the purpose of enlisting the services of agents, or the popularizing of the seven-thirties, and for defraying the extensive expenditures that should be made to bring the loan fully to the notice of the public in all parts of the country, and any bank or banker violating this regulation will be dropped from the list of agents.

This language was sufficiently plain but Mr. Cooke further dwelt upon the subject in each letter creating a sub-agency and authorizing it to receive subscriptions to the loan:

Your attention is requested to the paragraph directing discontinuance of allowance to investors, a practice not only useless but positively damaging to the loan. I have conferred with all the heaviest New York and Boston agents, and concert of action upon this point has been agreed to by all of them.

Later Mr. Cooke sought to make the arrangement still more binding and prepared an agreement which he required each applicant for an agency to sign in duplicate, mailing him the original for filing in Philadelphia. It was as follows:

To Jay Cooke, Subscription Agent, Philadelphia:

I accept your proffer of the agency for the sale of the seven-thirty loan and hereby agree to abide by the following rules and regulations, adopted for the general good, as well as any others issued by you from time to time, so long as I shall retain the agency:

1st. Out of the allowance made me, I will disburse a liberal portion in efforts to popularize the 7-30s, such as advertising, distribution of circulars and daily exertions otherwise to promote the interest of the loan.

2d. I will not make any allowance for commission or discount, direct or indirect, to mere investors of their own funds,

and will in all cases where others act as sub-agents under me require of them the same conditions as are herein agreed to by me.

3d. In all cases where parties who are not agents claim a share of my commission I will refuse to allow any division of it unless convinced that said parties have earned the commission by their exertions, and design to keep it as their own compensation, and not to pay it or any portion of it over to the investor.

4th. I will make no allowance of commissions except such as are permitted in your letter of instructions, and will when advised by you that any party, either an agent or otherwise, does make allowances or discounts to investors, at once cease to allow such violators of the rules any commission, and will promptly inform you of any such infraction of your rules when occurring within my notice.

Mr. Cooke's difficulties on this score began very early in the history of the 7-30 agency. On February 9th, P. M. Myers and Company, of Wall Street, New York, wrote to Hugh McCulloch, then still the Comptroller of the Currency, complaining of discriminations. They said:

Mr. Cooke has appointed all his old agents (Livermore, Clews and Company, Vermilye and Company, Fisk and Hatch, Clark, Dodge and Company, and the 1st, 4th and 9th National Banks) sub-agents, allowing them $\frac{1}{2}$ per cent. commission, and permitting them to allow to all banks, bankers and brokers $\frac{3}{8}$ per cent., and he proposes to appoint us sub-agents, allowing us $\frac{3}{8}$ per cent. only. Now we can go to any of these sub-agents and get these notes just as we want them, and only as we want them, and get $\frac{3}{8}$ per cent. allowed us, and so we need have no trouble or expense for advertising, or of making any returns to him or any one else; and to accept an agency on his terms would only entail certain expenses more or less heavy. In short, he places us on precisely the same footing as any and every broker in the country, and in that position we are now.

On February 17th, an officer of the Newark (N. J.) Banking Company wrote:

I am offered by national banks (and even by an individual broker in Newark) an allowance of $\frac{3}{8}$ per cent. on seven-thirties as a sub-commission; while I by dealing direct with the government agent get only $\frac{3}{8}$ as a first commission and can allow only $\frac{1}{4}$ to those who sell again — so that others evidently have an advantage over me. If the national banks can offer to sub-agents $\frac{3}{8}$ per cent. they must get not less than $\frac{1}{2}$ per cent., and it is very natural for me to say “why should not I do as well?” If allowable I would like to be put on the footing of the most favored nations.

A similar trouble arose in Boston where Spencer, Vila and Company, Mr. Cooke’s principal 7–30 agents for New England were the subject of complaints by David Snow, President of the National Bank of the Republic, whom others in turn accused of raising the issue to cover his own infractions of the rules. A meeting of the Boston agents was called and held after Jay Cooke demanded explanations of them, and all who were in attendance resolved that they would be guilty of no further infringement of the regulations.

A man named Heiser (Henry A. Heiser’s Sons of Pine Street, New York), Fisk and Hatch complained was giving $\frac{1}{4}$ per cent. discount right and left in violation of his agreement, openly advertising the fact in the newspapers to the embarrassment of Mr. Cooke’s “honest agents who were trying to carry out his wishes in the spirit and the letter.” All that any investor need do at Heiser’s was to stand upon the sidewalk while a companion went into the office to purchase the bonds. Such a service constituted the third person a dealer, and therefore entitled to a rebate or commission.¹

¹ Fisk and Hatch to J. C., March 4, 1865.

Peter Cooper thought that he should have some exceptional treatment at the Fourth National Bank. Its cashier Billopp Seaman on March 15th wrote Mr. Cooke as follows: "Our old friend Peter Cooper desires to purchase of us \$10,000 seven-thirties, allowance of $\frac{3}{8}$ commission. Of course I could not consent. He then requested me to write to you, not doubting that you would make an exception in his favor."

The New York agents on March 14th agreed to extend unusual privileges to the insurance companies, as appears from the following letter written to Mr. Cooke on that day by Joseph U. Orvis, President of the Ninth National Bank: "The loan associates had a meeting this afternoon and resolved to open the $\frac{3}{8}$ per cent. to insurance companies, and to those who buy for others a commission not exceeding $\frac{3}{8}$. I voted against this. I have labored very hard, spent a large amount of money and succeeded in placing a large amount. This I am sorry to say has excited the jealousy of some who do not do much work and cannot realize that national banks have a stronger hold on the people than any individual or firm unless it be that of your own highly honored name."

Pittsburg produced a real *cause celebre*, the O'Conner case. James O'Conner was the President of the new Fourth National Bank. It was complained by the other seven-thirty agents in Pittsburg, Joshua Hanna, Cooke's and Chase's friend, at their head, that O'Conner was violating his agreement and was selling notes at a discount, whereupon they besought Mr. Cooke to enforce the penalty named in his circular and withdraw the agency. The demand was so urgent that Whitelaw

Reid was appointed to repair to Pittsburg, hear witnesses, take evidence and report upon the case. O'Conner supported by his friend General J. K. Moorhead, ascribed the trouble to the "jealousy" of his "picayune neighbors," but they were unrelenting, and the report, while judicial, pointed clearly to a violation of the rule. In a private letter to Mr. Cooke on March 23, 1865, accompanying his report Mr. Reid wrote: "Of course O'Conner is guilty—that is as plain as a pike staff. I believe too from the feeling there seemed to be against him that it might be a real benefit to the loan to remove him."

Reid said that he had been treated by both sides "with marked and attentive courtesy," while O'Conner in a letter to Mr. Cooke remarked that he had found the commissioner "a perfect gentleman, clear-headed and very able." Though the removal of O'Conner was fully merited, Mr. Cooke desired to avoid such an unpleasantness in his family of agents and the following letter was sent to the Fourth National Bank:

March 28, 1865.

James O'Conner, Esq., Pres't 4th Nat'l Bank, Pittsburg:

Dear Sir:—I last evening took home and carefully read the report of my special agent, Mr. Reid, upon his investigation of the alleged violations of my instructions concerning commissions and allowances upon sales of $7 \frac{3}{10}$ Treasury notes, and without any prejudice, save my favorable opinion of your energy and zeal, I cannot resist the conclusion based upon the report and documents that irregular allowances *were* made by your bank in violation of the requirements of the agency, and to the derangement and detriment of the general sales of the loan in Pittsburg, and of that harmony among the agencies which is indispensable to successful working.

I do not propose to consider now rebutting testimony, as to

establish cases of violation by others would not, if proven, justify violation by you. The point is this: the agency to be useful must establish certain rules and to be successful must enforce them.

After all our correspondence and conversation upon the subject it is needless to argue or further explain the utility of the prohibition of allowances or discounts to individual investors. It simply *cannot be allowed*, directly or indirectly, as a rule or as an exception, and refusal to allow it is not only better for the loan but obviously better for the sellers.

In considering this subject I have been exceedingly reluctant to decide adversely to you and still more so to enforce the penalty announced in the printed instructions, and have therefore concluded to take from you, with the sanction of the other agents in your city, an agreement in a form which I have prepared and will send to Joshua Hanna, Esq., for your signature. Under the assurance of this paper your agency will be continued, and I shall expect such earnest work and such strict adherence to my plans and requirements that the most captious can find no fault.

Very respectfully,

JAY COOKE,
Subscription Agent.

The cause of much of the trouble was Mr. Cooke's secret arrangement with his trusted 5-20 agents, and those national banks and private banking firms whose sales for Mr. Fessenden were in excess of \$1,000,000, for a commission of one-half per cent. instead of the general allowance of three-eighths. This additional one-eighth was offered them, it is true, to provide a fund in New York and other cities for lavish advertising which was largely under his own control, but to the smaller firms and banks the arrangement seemed to be a discrimination. Moreover the rules were undoubtedly violated on all sides. A great competition arose among the sub-agents and when the sales increased in volume the com-

missions in the aggregate were so large that many were sorely tempted to wink at Mr. Cooke's rules, especially when—as some seemed to believe—he had broken them himself.

The threat to strike the names of offending agents from the list was not seriously regarded because the market was full of the notes and they were changing hands rapidly.

For a time at least they were sold at a fractional discount in the exchanges where they might be purchased for investment or resale, but Mr. Cooke aimed, with at least partial success, to stop the "board sales." On February 27th he wrote to the President of the Philadelphia Board of Brokers as follows:

I hope that the Board will decide not to call the 7-30 loan until it is all sold which will be (the present series) only a short time hence. Quotations below par greatly injure the loan, and as it is of equal injury to all our brokers I trust the sale of them at the Board may be for the present suspended.

I hope the liberal advantages I am giving to all my brother brokers will induce them to accede to the above request.

The Philadelphia Board promptly passed a resolution prohibiting reports of sales and the Boston Board a little later took similar action.¹

All through April there were complaints that the 7-30 notes were being sold in New York at a discount of $\frac{3}{8}$ and $\frac{1}{4}$ and the only reply the Subscription Agent received to his remonstrances was a denial, or at most an apology with a promise of better behavior in the future.

In short there were so many complainings and dis-

¹ Spencer, Vila & Co. to J. C., March 1st.

putes that Mr. Cooke on April 25th offered all his agents, large and small, a round allowance of one-half of one per cent., a movement largely contributing to the great subscriptions with which the Second Series was closed in the middle of May. The circular making this extra allowance to his agents began with these words: "Earnestly desiring the cordial co-operation of the entire banking interest of the country in the sale of the seven-thirty loan, and to remove every cause for dissatisfaction, I have after full consultation with the Secretary of the Treasury decided to adopt a uniform system of allowance, viz.: one-half of one per cent. (until further notice) to all banks and bankers who accept the enclosed terms of agency and fully conform to them," etc., etc. The agents were again told how they were expected to expend the commission and warned to observe the rules under penalty of dismissal from the service.

To his old one-half per cent. agents, Mr. Cooke addressed a personal letter of explanation as follows:

PHILADELPHIA, April 27, 1865.

Dear Sir — The greatest labor of the 7-30 Loan Agency has been the harmonizing of the efforts of banks and bankers engaged in its sale, and the demonstration to parties receiving only $\frac{3}{8}$ per cent. that they stood upon equal footing with those receiving $\frac{1}{2}$ per cent.—the last named being bound to certain expenditures and exertions, to cover which the additional $\frac{1}{8}$ was designed.

The complaints addressed to the Secretary and to me have been so numerous that the plan set forth in the enclosed circular letters has been decided upon, and is to-day mailed to banks and bankers generally.

You will observe that an equivalent is required for the payment of the additional $\frac{1}{8}$ and that the stipulations as to irregular allowances to purchasers will tend to cure all refractory parties

and to make the sale of the notes more profitable to all dealers — it being their common interest to save instead of wasting commissions.

This arrangement will in no way interfere with deposits by your customers in your banks — it is manifestly equitable — and will, I believe, result in an immediate increase of the daily average sales.

Yours respectfully,

JAY COOKE,
Subscription Agent.

Even Heisers were now willing to apologize. On May 6th they wrote in response to a remonstrance :

Our advertisement allowing " $\frac{1}{4}$ per cent. commission to all investors" will be withdrawn after to-day. It was with deep regret that we felt ourselves compelled to offer an allowance to investors and to raise an issue between ourselves and one who was doing so much for our country as yourself. But when you refused to grant our application for the agency on the same terms as other leading bankers here had it, and which were the only terms on which we could make anything out of it, as our business was altogether in supplying banks and brokers, and we could not sell at $\frac{3}{8}$ off and make a profit — if you would not allow us the $\frac{1}{2}$ — we felt compelled to offer such inducements to investors as would induce them to give us a call. The bait of $\frac{1}{4}$ per cent. commission took freely and brought us a great many customers who had formerly done all their business with the leading Wall Street houses. As a card it was a ten strike and we are sorry to give it up. We do not wish when we are in the street to run against our neighbors and offer any allowance, although we assure you it is more to our interest to do so, and you can't stop us from getting all the notes we want. We want you to recognize us as bankers, give us the $\frac{1}{2}$ per cent. commission and all the privileges, and we will promise in return to sign any bond you may wish, and stick to it as closely as any banker in the city.

Still objections and complaints came to Jay Cooke. While the small bankers found the earlier arrangement

not to their liking it was now the large dealers who warmly took exception to the system of commissions. The First National Bank of Cincinnati which had been in receipt of one-half per cent. from the beginning wrote on May 16th that it had made large outlays to advertise and popularize the sale while "other banks in the vicinity did nothing towards it, turning their attention to operations in gold which were of direct injury to the loan." Despite this large expenditure they now found themselves in a position no better than their "neighbors," who had "done nothing to merit it." "We have several times remonstrated," this banker continued, "against the unfairness of the present plan, as it allows the small institutions everywhere to reap the fruits of our labor and the benefit of our advertisements." Mr. Cooke's own First National Bank in Philadelphia on May 3d sent out printed notices: "This bank will allow to banks a commission on all purchases of 7 3-10 Treasury notes, one-half of one per cent., the same terms as offered by Mr. Jay Cooke. S. A. Caldwell, President pro tem." This circular was scattered broadcast and was pinned and pasted to many letters to Jay Cooke requesting an explanation of the performance. "How can we compete with this," wrote the First National Bank of Cincinnati again. "How can one agent violate the instructions and not another? I suppose they do as one large agent told me in New York—I do as I please whether Jay Cooke likes it or not.'"

Edward King of New York refused a sub-agency on May 9th, because he was restricted from offering rebates to investors when, as he was prepared to prove,

other dealers were freely furnishing a discount of $\frac{1}{4}$ per cent.

“Not a day elapses,” wrote James H. Beal, President of the Second National of Boston on May 6th, in noting the action of the First National of Philadelphia, “without a loss to us through infringements on the part of others who are at no expense or risk.”

Until the end of the sale in July this unhappy discussion was continued, Mr. Cooke being in receipt daily of complaints and accusations of the bad faith of some one or more of his thousands of representatives. On July 13th the Rutland County Bank of Vermont formally charged the First National Bank of Brandon, Vt., with a violation of “the terms of their agency,” and put themselves to the trouble and expense of forwarding an affidavit, regularly attested to before a notary, that a man had purchased of the Brandon Bank \$5,000 of 7-30 notes upon which he had been allowed a discount of $\frac{1}{4}$ per cent.

Even after the loan had closed Mr. Cooke was followed by importunities. A Boston banker sought to collect the difference between $\frac{3}{8}$ and $\frac{1}{2}$ per cent. on his total sales, amounting to \$1,585,000, asserting that because of his exertions he was entitled to the compensation allowed to the most favored agents.

The absolute simplicity of the operation of selling 7 3-10 notes, so diligently spread about by Mr. Cooke's foes when the subscriptions reached their great height in the first two weeks in May, was hardly corroborated by the events which immediately ensued. Out of deference to the clamor, Mr. McCulloch not only added the optional interest feature on the Third Series of \$230,-

000,000 whose sale was begun on May 15th, but he also scaled the rate to be paid to Mr. Cooke by the government for the negotiation, compelling him to make retrenchments on all sides. On May 17th Fahnestock wrote:

Truly appreciating the objections to the reduction of the commission (in which we are entirely unanimous), I have gone freely and fully over the whole subject. McCulloch expects to remain.¹ He is already aware that he shall want much more money. He appreciates our work, but also appreciates the change in our military and financial situation, and does not feel that he is justified in continuing the present allowances. He had, I found, fixed his mind upon $\frac{1}{2}$ per cent. for the new negotiation. This I combatted with the objection that we must pay one-half to agents, as the present successful arrangement has just been inaugurated and disaster would follow a change. I stuck out for $\frac{5}{8}$ (or $\frac{3}{4}$ and $\frac{1}{2}$), with voucher privileges. He wanted $\frac{1}{2}$ all the way through, with voucher privileges to a limited extent. Finally, after finding him inflexibly bent without any proposal I sounded him on this:

$\frac{5}{8}$ on.....\$100,000,000
 $\frac{1}{2}$ on..... 100,000,000

and Second Series to be made up to 330 millions and we to be allowed the old rate on them ($\frac{3}{4}$), with the privilege of judiciously putting in vouchers. He finally yields to this extent: He is willing to quietly run the Second Series to 330 millions, to allow us $\frac{5}{8}$ on the 30,000,000 excess over contract:

$\frac{1}{2}$ on the..... 200,000,000

with a half promise to let us turn in voucher conversions which can readily be made certain. He insists that we can afford to do this work gratuitously, if need be, but this he does not want.

¹“I don't believe there will be any change at present in the cabinet though Preston King is continually with the President and remains in the room even when the cabinet is in session.”—Henry D. Cooke to Jay Cooke, May 5, 1865.

He says we can easily arrange with agents at $\frac{3}{8}$, which I demonstrated we cannot now think of doing.

On the 10th Fahnestock wrote to Mr. Cooke that the arrangement had been concluded, and continuing his report, he said:

He argues that our machinery, advertising, etc., was set to run to July 10th, and will run that long without material new expense. That is about so. That we have made a good thing any way and had counted upon working for it until July, and that so doing won't hurt us. He does not wish or mean us to lose any money, and we needn't; and moreover he does not need money half so fast as he has been receiving it, and believes it will come without much stimulating. In short, we must regard it as a continuance of our former work. We are to run the Second Series at pleasure up to 330 millions (the 300 being covered by our contract), receiving upon excessive 30 millions $\frac{5}{8}$.

Third Series 50 millions..... $\frac{5}{8}$

Third Series 150 millions..... $\frac{1}{2}$

That's all.

I have agreed to allow to agents $\frac{1}{2}$ on 80 millions (a part of which we have already sold and allowed upon), but think it decidedly best to advertise $\frac{1}{2}$ on 100 millions (in our circulars to agents). This will induce them after a little to scramble to get into the 100. The voucher question is in abeyance, but I apprehend no difficulty in bringing that about presently. It is due to the Secretary that you should see him soon, and the review days, Tuesday and Wednesday, will just fit and he will be much pleased. To-morrow please write him a private letter acquiescing in his decision, and expressing your sympathy in his regard for the public interest and your determination to put the loan through.

Mr. Cooke noted the success of the negotiation and duly considered the recommendations of Mr. Fahnestock, shortly sending out to his sub-agents a circular in which he said:

Under the provisions of the new loan bill Secretary McCulloch has decided upon the issue through this agency of a Third Series of \$230,000,000 seven-thirty notes, payable in three years from July 15th next, and also convertible at the option of the holder into five-twenty gold bearing bonds. It is similar in all respects to the First and Second Series, now all sold, except that it is payable three years from 15th July next, and the government reserves to itself the option of paying the interest in gold coin at six per cent. instead of $7 \frac{3}{10}$ in currency. Subscribers will deduct the interest at $7 \frac{3}{10}$ up to July 15th, when they subscribe.

In another circular he said:

The present allowance will be continued by me during the sale of the first eighty millions of the Third Series.

My whole allowance from the Department will be reduced on the last one hundred and fifty millions to one-half per cent., and in order to defray the current expenditures of the agency system at least one-eighth per cent. should be reserved, and the allowance to agents reduced thereafter to three-eighths per cent.

I may be compelled to make this deduction to save myself from loss. Agents will watch the progress of the loan and govern themselves accordingly. This reduction of allowances to agents will depend somewhat on the rapidity with which the loan is absorbed.

If it is closed out as rapidly as was the Second Series, I would forego any profit to myself and in addition defray the current expenses, rather than make any change in the allowances.

The prospect of a reduction in the commissions, as was plain to see, like the interest-in-gold option little conduced to the popularity of the loan, especially under the conditions then prevailing in the money markets. The balance of the notes of the Second Series was taken so rapidly that the supply of ready money in all financial centres was exhausted. Some holders of the notes to relieve their necessities were obliged to part with them.

On May 30th the Second Series declined to 99½ at the New York Board and 99¼ in the Gold Room.¹ The "bears" again became offensively active after the sale had closed and their operations caused Mr. Cooke and his agents to be very alert. On May 17th Crawford wrote that there was "an uneasy feeling" because of the persistent efforts and talk of "the bear party." "Ketchum's broker was running all around to engage money at 7 per cent., for effect of course entirely. Some timid holders commenced offering 7-30's freely which gave a dull tone to the market. Fisk took 350,000 of Mangam, Jenkins and Co. at 99½. We took early 300,000 at 99¾ and some 400,000 at 99⅝, and some other large purchases restored a better feeling. The bear party in stocks have been very bold since the large subscriptions and of course try as much as they can to create a big scare."

Finding that this particular firm was busying itself with efforts to "tighten money and get up a panic," Mr. Cooke himself wrote an article to "squench Ketchum," which he telegraphed to the New York newspapers.²

At the end of May, the General Agent was compelled to organize a party to support prices. On May 30th Fisk and Hatch wrote:

The market for bonds this morning opened lower and heavy. We telegraphed you that we thought that they were entirely too low for the sale of the 7-30s, and that the time had come to give them a push. We presumed that you still had discretionary powers to buy for government as before, or that you could readily get that authority renewed, and our idea was that it would

¹ Orvis to J. C., May 30.

² J. C. to McCulloch, May 18, 1865. In August, 1865, Morris Ketchum's firm failed through the large defalcations of his son.

be well to adopt the same plan which worked so successfully last March. We have your reply to our telegram in which you propose to join us and Crawford in the purchase of 3 to 6 gypsies for our own accounts. We believe them a good purchase and are disposed to go in as you propose. We have consulted with Crawford and he is of the same mind. We decided not to do anything this p. m., let things take their course, feel the market and be prepared to act in the matter to-morrow. If when the Third Series of 7-30s are ready for delivery, and may be fairly said to be on the market, five-twenties are up to $4\frac{1}{2}$ or 5 they will go off with much more *éclat* and spirit than if matters continue in the present stagnant condition. As this move is designed not so much for our own profit as to improve the market for the 7-30s, the Secretary ought to stand behind us in it, and give you the necessary authority to go ahead on his account, if our first move does not have the desired effect. If he will do this the result will be sure and the new series of 7-30s get a good start. We believe that the gold bonds ought not to be permitted to stay where they are, and furthermore that there is a good speculation in buying up the market, if done boldly and on a large enough scale.

Jay Cooke telegraphed his brother in Washington to see the Secretary and ascertain if the Department would support a movement to raise the price of five-twenties. Mr. McCulloch did not agree with Jay Cooke that they could be made to sell at their old level so long as the government offered what he called "an 8-23 loan and a better loan," at par (three years' notes convertible into 5-20s were 8-23s) but he was willing to co-operate. He asked Mr. Cooke to buy on his own account as in a former operation in ten-forties and if there remained a surplus which he was unable to dispose of, not in excess of from three to five millions, they would be taken by the government. The Secretary cautioned Mr. Cooke

against a sudden rise. "Touch the market gently," said he and let the improvement be "gradual, steady and firm."¹ On June 3d, Jay Cooke telegraphed to Crawford and Fisk and Hatch to buy three "Choctaws." They agreed upon a broker whom no one would suspect, but meantime there had been a leak in the telegraph office and it was noised about that Jay Cooke had again entered the market, the information having first been offered for sale to a reputable house which refused to be a party to a scheme of making profit from stolen news. Crawford wished to sue the telegraph company for \$30,000 damages.² On account of this fiasco he was able to buy only \$500,000 in bonds the first day, but the main object of the operation was secured—the enhancement of prices and the creation of a more confident feeling in "governments."

The distribution of the Third Series was also hampered by another delay in the delivery of bonds. On May 9th, Henry Cooke wrote in response to his brother's rather anxious inquiries: "Clark delivered 33,000,000 of 7-30s yesterday morning (Monday) which were white paper on Friday evening previous, including the usual proportion of 50s, 100s and 500s. Do you think there is much danger of catching him napping after that?"

Nevertheless new plates must be made, and the passage into the Third Series was effected so rapidly and unexpectedly that it was June before the notes were ready for purchasers. Under these various influences the last issue of seven-thirties was sold very slowly judged by the recent standards which Jay Cooke had set

¹ H. D. C., June 2d.

² Letter to J. C., June 3d.

for himself as a loan agent. On Monday, May 15th, there had been so many subscribers for the notes of the Second Series who could not have their wants supplied that \$4,751,300 were carried over to the new account. After this the daily returns fell immediately. The subscriptions for May 16th reached a total of only \$1,561,400 and for the week ending May 20th, the first week for the Third Series, the yield was only \$12,106,700. The next week the subscriptions sank to \$9,733,600. For the succeeding week which ended on June 3d the total was but \$6,681,600. Through Mr. Cooke's operations in Wall Street he so improved the tone of the market that for the week ending June 10th his receipts were \$12,803,000. The totals in May and June were as follows:

Week ending May 20.....	\$12,106,700
Week ending May 27.....	9,733,600
Week ending June 3.....	6,681,600
Week ending June 10.....	12,803,000
Week ending June 17.....	11,925,000
Week ending June 24.....	15,922,700
Week ending July 1.....	15,309,150

While there had been some three million dollar days in June it was early July before the furore was again at its height and the end of the Third Series was a near prospect. The Secretary by this time was in sore need of larger revenues. Henry Cooke wrote his brother on May 31st:—"He [McCulloch] is very anxious that we should run up the subscriptions to 7-30s to 2½ or 3,000,000 per day, or even \$4,000,000. We talked some time over the matter and he is abandoning his old idea that he don't want now over 1½ millions per day."

His willingness to assist Jay Cooke in the work of sustaining the New York market testified to his necessities. "The Secretary is beginning to feel poor again," Henry Cooke continued on June 2nd. "The rapid army payments are running down his balances so heavily he is willing that we should push the sales to the utmost. After my interview with him this morning he had a conference with the Paymaster-General who gave him his final estimate of the amount he needed for army pay. It is more than he expected; the aggregate will reach 75 millions. This 75 millions, however, will pay off the bounty and back pay of all the troops mustered out, 240,000 in all, and all the pay of the troops retained in service up to June 1st. He won't have to pay the army another dollar for six months. One half of the remaining army will be colored troops and he can squeeze along from current resources until after Congress meets when he can get additional legislation. . . . His sub-treasury balances are very low and he is drawing as heavily as he dare on the national banks. So start the machine."

On June 17th Henry Cooke wrote again: "McCulloch is very anxious that we should keep the sales above \$2,000,000 daily, and asks us to show each day a small increase, even if we have to stretch them a little. We have promised to do so."

In the meantime the Secretary had resumed the issue of certificates of indebtedness against the protests of the Cookes and Assistant Treasurer Stewart, which if necessary at all they urged him to postpone until the seventy-three loan was sold. It was felt by Mr. Cooke that there should be no replenishment of the supply of this

kind of paper until the amount outstanding had fallen to \$100,000,000. On May 27th there were still unpaid 130 millions of these certificates and by July 1st the amount would be brought down to \$106,000,000.¹ Mr. McCulloch thought that his needs required him to make an earlier beginning. On June 16th the Department had passed \$15,000,000 of requisitions payable half in cash and half in certificates, later paying three-fourths in cash. This policy demonstrably reduced the subscriptions in the Eastern cities where the certificates monopolized the markets. It is true that much of this paper was constantly falling due, and to a considerable degree the new issues merely took the place of the older ones, but the Secretary's course was regarded by Mr. Cooke as a factor disturbing to the seven-thirty sales, which it probably was.

On the 5th of July, Stanton had notified McCulloch that he would need \$50,000,000 additional during the current month, since conditions in the South rendered it feasible to muster out more troops than the War Department had expected. On this account Henry Cooke wrote that the Treasury was "awfully hard up for money." Very happily the sales now began to increase substantially. On July 7th they reached a total of \$4,261,200; on the 8th they were \$5,251,500, while the aggregate for the week ending on that day was \$20,848,300.

On July 8th Henry Cooke wrote: "Mr. McCulloch is delighted with the sales of the last few days. He asked me if we could keep them up and I replied that we intended to increase them."

¹ H. D. C. to J. C., May 27, 1865.

From this time on the subscriptions had some of their old-time appearance. They were as follows:

July 10.....	\$5,471,300
July 11.....	5,106,400
July 12.....	6,110,200
July 13.....	4,103,100
July 14.....	4,576,500
July 15.....	10,331,200
July 17.....	5,663,500
July 18.....	6,500,300
July 19.....	4,251,600
July 20.....	4,631,100
July 21.....	6,275,100
July 22.....	5,130,400
July 24.....	10,213,300
July 25.....	5,750,300
July 26.....	Loan Closed

To close the loan evenly required some tactful management. By holding sufficient amounts in reserve to cover orders in transit the Subscription Agent avoided the results which attended the closing of the five-twenty issue. On July 15th when it was announced that only \$50,000,000 remained unsold at least \$15,000,000 were held back to meet the orders from California, the South and other remote points. The sub-treasuries were stopped before the general agency, to prevent over-selling and the end was reached in good order without embarrassing excitement.

The state of affairs in Washington in July was such that residence there was very unpleasant. The house of Jay Cooke and Company was operated with a reduced force because of the unsanitary conditions prevailing in the city. Henry Cooke wrote on July 8th: "There is a

great deal of sickness in Washington and Georgetown, more than was ever known before. The air is tainted with the bad odors of camps, government corrals, bone factories and dead horses and mules. I fear some scourge or plague. Low typhus fevers, diphtheria, etc., are very common—almost an epidemic. Everybody who can get away is going.”

On July 19th Jay Cooke went to Washington to keep an appointment with Andrew Johnson. It was not their first meeting since Mr. Lincoln's death, but it was the most important conference which the fiscal agent had yet had with the new President. Henry Cooke arranged the interview and the conversation covered a variety of financial and political subjects. “I think I can go over the ground in such a way,” Jay Cooke wrote his brother beforehand, “as to convince Mr. Johnson that his duty to the 1½ millions of men now begging for employment is to protect American industry and also remodel our internal revenue, taking the burden off these men and the lower classes generally, and putting it on vices and luxuries where it belongs.”

“You will have to be cautious in talking about free trade with Johnson,” advised Henry Cooke, “as he is an old-line hard-shell free-trade Democrat. The argument to use with him now is that the tariff is necessary as a revenue measure to pay the interest in gold on the public debt and to relieve the burdens of internal taxation. If ever there was a time when statesmanship was needed in the administration of the finances it is now.”¹

The last of the war loans had been sold and another

¹ To J. C., July 13th.

chapter in an extraordinary life was ended. On July 26th John W. Sexton of the Philadelphia office wrote Jay Cooke as follows:

We close up the subscription to-day and leave to the press the congratulations of yourself, while you have the pleasant consciousness that you deserve all they can give you. Having done your duty faithfully, you can look down upon all the assaults which malice or envy can originate. Rejoicing with other friends in your well earned position in the eyes of the world, permit me to bear testimony to the singleness of purpose by which you have been actuated and to the equity of business character which has made you respected equally by those of your business household as well as by the influential and distinguished of the land.

From many sides through the press and by post Mr. Cooke received the compliments which were his due. On July 28th the New York correspondent of the *Boston Bulletin* wrote:

Under the direct supervision of the Treasury Department in the six months ending with February 1, 1865, notes of the First Series (of \$300,000,000, dated August 15, 1864) to the amount of only \$130,000,000 were disposed of. Under the immediate direction of Mr. Jay Cooke, appointed General Subscription Agent for the loan February 1, 1865, sales have been made within the six months now nearly closed to the enormous amount of \$700,000,000, including \$170,000,000 of the First Series, dated August 15, 1864; \$300,000,000 of the Second Series, dated June 15, 1865, and \$230,000,000 of the Third Series, dated July 15, 1865. The Treasury people as well as the Loan Agent and his "subs" all over the country have ample reason to be proud of this extraordinary financial triumph,— a gigantic government loan marketed so rapidly and inexpensively.¹

The *Constitutional Union* computed that the great loan had been taken in 175 days and deducting Sundays,

¹ *Bulletin*, July 29th.

and holidays for thanksgiving, mourning for the death of President Lincoln and on other accounts in 140 working days. "The fame of Jay Cooke now world-wide," it exclaimed, "will be as enduring as time."¹

The Washington *Chronicle* said:

Yesterday the last of the \$830,000,000 loan authorized by the last Congress, was taken by the people — all within the current year — a fact unparalleled in the financial history of the world. Among all the wonderful achievements which the loyal people have accomplished during the last four years in the science of war on land and sea. . . . there have been effected no such remarkable results as have grown out of our financial struggle.²

The Philadelphia *Inquirer* said:

The eminent skill of Jay Cooke as a financier is shown by the manner in which he has managed the great loans which were entrusted to his agency by the government. . . . When we think over this extraordinary spectacle let us not forget that among our benefactors we must reckon not only the brave soldiers and sailors who took us through the contest by their courage and devotion, but also the skilful financiers who, through every discouragement, furnished us with "the sinews of war."³

The New York *Times* remarked:

Never in the history of nations, was such an enormous amount of money raised for public use with such extraordinary rapidity and success as in the instance of the great seven-thirty loan which is now all in the hands of the loyal people.⁴

The Philadelphia *Press* spoke as follows:

This nation owes a debt of gratitude to Jay Cooke that it cannot soon discharge. Without his valuable aid the wheels of government might frequently have been seriously entangled. Now that we have come out of the struggle successfully no one who appreciates the genius and patriotism which led us through the

¹ July 27th.

² July 27th.

³ July 28th.

⁴ July 28th.

fiery ordeal will hesitate to place the great financier of the war alongside its greatest generals.¹

The Boston *Transcript* said:

The greatest banking firm in the world is that of Jay Cooke and the American people,—the latter being the true “Company” of the firm. The Rothschilds, the Barings, the Hopes are mere curb-stone brokers in comparison. We have the intelligence this morning that the subscriptions to the last seven-thirty loan were completed yesterday. Of three loans, amounting in all to eight hundred and thirty millions, seven hundred millions have been taken through the agency of these democratic bankers. There is nothing like this in the annals of finance. The “shrewdest” financiers,—that is, those who judge of all matters connected with borrowing, from opinions dominant in Wall street and State street,—have been amazed at the ease with which the “Company” have performed the “impossible.” Following the usual English and American methods of expressing admiration, the bankers, in a body, should give Jay Cooke and the American people a dinner, and true to the honored precedents of public feasts, should select those persons to make the congratulatory speeches who have all along predicted the ruin of the firm.

Jay Cooke and Company have run the Treasury machine, and run it with more safety, and with immensely more speed, than the official engineers. A Yankee offered, some years ago, to take the Crimean War on contract, and had his terms been complied with, he would, doubtless have finished the job before Napoleon and Canrobert, Newcastle and Raglan had done “pottering” about it. It may be hereafter that the chief business of our executive government will be “to receive proposals” for doing the executive work. Jay Cooke and Company have furnished the precedent for such a revolution. We think the whole business of all the departments might be done for an eighth of one per cent.²

“The Yankees did not whip us in the field,” said a distinguished leader of the Confederacy. “We were whipped in the Treasury Department.”

¹ July 29th.

² July 27th.

CHAPTER XII

HOW THE LOAN WAS SOLD

The secret of making the singular "furore" by which Jay Cooke's loans were sold lay in the individuality of the man. In vain did others seek to find some one particular feature of his policy to which they might rightly ascribe the result. The newspapers set it down to the credit of advertising, very obviously drawing the lesson that others who would succeed should fling their money into the pit filled with fortune-seeking editors and publishers. Yet if this were the principal characterizing mark of Mr. Cooke's campaigns he did not solely depend upon it. Even in the use of printer's ink he did not rely upon the journals and magazines to the exclusion of other advertising agencies for he had show-cards, posters, circulars, pamphlets, hand-bills and a variety of devices of the types to catch the eyes, impress the minds and draw the money from the pockets of the people. All this was done on the most lavish scale with infinite psychological knowledge and it was a factor of very great importance in the attainment of the remarkable result.

But this was not all. There were the night agencies in all the large cities at which mechanics and factory employees could subscribe for the bonds; the travelling agents who scoured the land from end to end seeking money in the remotest corners of the country, all speak-

ing the magic name of Jay Cooke; the resolve to take the vouchers from army contractors and other holders of the audited accounts of money due for services rendered the United States; the arrangement by which the soldiers were induced to subscribe for seven-thirty notes, and behind it all the subtle fascinating power of a man who was always confident himself and knew how to impart to others the overflowing enthusiasm of his nature.

If he were a leader who was loved he was, too, one who was widely feared. If he charmed the poorest man or woman with rusty coat or shawl and callous, toil-worn palm who came to invest \$50 in the United States debt—and hundreds were cheerily accosted and taken by the hand by the agent whenever he was at his Philadelphia office—the mere mention of his name terrorized gold hoarders, disloyal speculators and “bears” on government bonds in Wall Street. His stepping on a train to go to New York frightened the men who controlled millions as effectively as a look from his eye had assured the poorest quarryman and washerwoman who came to him with their all wrapped in the corner of a colored handkerchief. In the face of such a personality, it behooves none to say carelessly what it was that made possible the sale of \$700,000,000 of seven-thirty notes in 140 days.

In the five-twenty campaign, New York had been the point at which Mr. Cooke found the least loyalty and devotion to the cause he espoused, and when he was entrusted with the sale of the seven-thirties, with larger prospects and stronger resources he determined to bring over that city to his service. Henry Cooke managed the Washington correspondents who were

constantly sending letters to their respective journals. The Philadelphia newspapers, until the Drexel influence purchased and took away the *Public Ledger*, were solidly pro-Treasury and pro-Cooke and efforts were now concentrated upon New York City. A beginning was made with the employment of Samuel Wilkeson, who was soon joined by John Russell Young; while C. C. Norvell of the *New York Times* who had served Mr. Cooke in warming up the people during the 5-20 sale and many more were as faithful as salaries, bond options, advertising patronage, the realization of present advantage and the hope of future gain can make the mortal vessels whose dripping streams are rather grandly called public opinion. Wilkeson who became the head of the press bureau was a *New York Tribune* writer. He stood close to Greeley and that newspaper which spoke with so much authority daily, and weekly—as it went into the farmhouses of New England and the West—was a most valuable adjunct in forwarding the operation. Most of the service was free and being honest was of the more value in extending the fame of the loan. Wilkeson was one of the most graphic and hyperbolic of the newspaper writers of his time. There is much of that kind of vivid extravagance in the American press of the twentieth century but he was in some respects a pioneer. Late in February, 1865, when the loan was “jumping,” as he said, so that in a day or two it would “clear ten-rail fences,” McCulloch’s appointment being imminent, he wrote to Jay Cooke: “I bore your regards to Mr. Greeley and your thankful appreciation of his kindness and public spirit in aiding the loan with the editorial columns of the *Tribune*. He

smiled and observed in reply,—‘Well, I suppose Cooke will substantially be our next Secretary of the Treasury.’”

Through Shattuck (Peaslee and Co.), the New York advertising agent, announcements for the advertising columns; reading notices for editorial use prepared by Sam Wilkeson; letters, despatches “from our own correspondent” and local news items from the same hand were sent out at large weekly cost. Every conceivable want of editors who wished to oblige a powerful patron was carefully attended to by these syndicate agents, or by Wilkeson acting directly in Third Street. Moreover Mr. Cooke’s travelling agents as they passed from place to place visited and invigorated the local editors, and the sub-agents in every neighborhood were encouraged and required to invest large sums in advertising, out of their own commissions and upon their own accounts. So stupendous were the expenditures that search reveals scarcely a single journal which attacked the loan or its management until the operation was near its end and the bottom of the “barrel” was in sight.

In the management of the press considerable diplomacy was necessary. In their “private and confidential” circular to editors on February 6th Peaslee and Company said:

Having been employed by Mr. Jay Cooke to advertise the 7-30 loan in your own and other journals, we respectfully suggest that you call editorial attention to Mr. Cooke’s appointment as General Subscription Agent and the reasons which induced the Secretary of the Treasury to make it. . . . We hardly need say that the country as well as the Subscription Agent must depend in a great measure upon you and other members of the press for your efficient and generous assistance in directing pub-

lic attention to the importance of this loan and its advantages to subscribers. It would seem unbecoming in us to urge upon the press the importance of keeping it prominently and often before the public. They know their duty and are generally liberal in its performance, etc., etc.

Thus there was never a command or a threat, but a publisher knew when the order to insert the advertisement was received with such a circular that loyal editorial service was expected and would not go unrewarded.

Among all New York's newspapers the *World* had been Mr. Cooke's most troublesome enemy while the 5-20s were being sold, and steps were early taken to give a better tone to its columns. Mr. Cooke reached its editors through Charles R. Cornwell of Wilmerding, Cornwell and Heckscher, a firm of brokers in Broadway, acting as sub-agents for the sale of the 7-30 notes. "A simple appeal to a sense of honor and patriotism would not silence the paper," Mr. Cornwell wrote Jay Cooke. He suggested another method of changing the spirit of the sheet, "to strong advocacy of your financial plans." "The editor whom I saw this morning," Mr. Cornwell continued, "incidentally alluded to their paper being their capital and a man might as well ask the loan of my money without interest, as the use of their capital without remuneration." Mr. Marble did not wish to be approached in person upon the subject but his "associate" could be "interested" in the loan and "then without compromise of principle the columns of the *World* can be commanded for the purpose of supporting your negotiation." From this newspaper it was predicted that "a strong influence"

would "radiate to the extremes of the Democratic press." There would be "an augmentation of popularity at once."¹

In March both Marble and Hurlbut were dining with Jay Cooke when he was in New York. "The vein of articles in the *World* will go on improving," wrote Mr. Cornwell on March 10th, "and take the tone of that I send you to-day written by Hurlbut. The next editorial on commerce in the *World* will show that our resources are ample to sustain the government loans, and it will be the duty of the Democratic party to uphold the finances and pay off without the shadow of repudiation the national obligations."

Later, on April 29th, when it was a question of rewarding Marble and Hurlbut, Mr. Cornwell wrote to Jay Cooke: "That the change we produced in the tone of the *World* was valuable has been evidenced to me over and over again in the social and business discussions of New York. Frequently I have heard the articles whose creation I was cognizant of, quoted by gentlemen who would add that there could be no question about national securities since the press were almost unanimous and the most influential of the Democratic organs was the strongest supporter of national credit."

¹ Cornwell to J. C., February 18th. The following basis of agreement was reached:

"The effort shall be made to popularize the loan with the Democratic party and in every way urge its negotiation. If, on principle, it becomes necessary to attack the system of taxation, it will be done to the exclusion of any reflection upon the management of negotiation in government agency's [agencies?], and the system of government finance will be upheld as a necessity to prevent repudiation. No language will be used to imply a connection between the *World* and government as that would debar the recommendation of investment of its full force."

In the *Times* office Mr. Cooke had Norvell, Michael Hennessy who also wrote for the Brooklyn *Union* and the Boston *Commercial Bulletin* and James W. Simon-ton. No New York newspapers were overlooked, their "money editors," leader writers and sub-editors who perhaps sent letters to journals in other cities receiving attentions which it is safe to say that the rank and file of American newspaper men have never since enjoyed. For several years it had been Jay Cooke's practice in his remarkably hospitable spirit to send to his friends ducks, fish, grapes and wine. He purchased these gifts of dealers at Sandusky in wholesale quantities, the game and fish being packed in ice and shipped by fast express to Philadelphia, New York, Washington, or Boston. They were now distributed liberally to his principal sub-agents, nor were his faithful editorial friends forgotten and these remembrances of their material needs did much to strengthen the bonds between Mr. Cooke and those who served him. Sometimes he would buy the entire crop of a vineyard and reserve the first pressing for himself, the rest going to the grower to pay him for his trouble. Often in 1865 there were fifty cases of wine in a shipment all to be charged to the seven-thirty advertising account. Twenty-five cases would go to New York to Fisk and Hatch to be distributed in that city, fifteen to the Washington house and ten to Philadelphia.

His favorite method with the newspaper men, however, was to give a writer, whose work seemed to merit it, an option for say sixty days upon \$50,000 of United States bonds. If the right were made use of within the specified period the holder received the profit upon

the transaction minus the interest computed at the rate of six per cent. If the advance in price were not sufficient to make a sale advisable the "call" was usually renewed. Mr. Cooke preferred for this use the 10-40s, the discards of the system which were nearly always falling in value and most needed the services of hired bolsterers. This business was sometimes attended to directly by the Philadelphia house, the writers sending clippings from their papers to Mr. Cooke to convince him of their loyalty and zeal. Others were dealt with through the "loan associates" in New York, the principal 7-30 sub-agents in that city, who received an extra allowance to cover such expenditures. On February 25th the Fourth National Bank refused to respond to a call for its share in a deal of this kind, saying that it was not bound to contribute toward the cost of this business, and the personal intervention of Mr. Cooke was necessary to bring it to an understanding of its duty. The Subscription Agent often met these writers in New York and filled them with his own enthusiasm, so that they became very valuable adjuncts in the work of selling the bonds.

As Mr. Cooke neglected no newspaper because it was printed in a foreign language so he exercised a constant care also for class and religious journals. He advertised in a masonic paper and the masons and members of other secret societies were recommended to invest their own and the funds of their orders in United States bonds. Clergymen were visited by Mr. Cooke's travelling agents and were asked to advise their parishioners to subscribe. The religious papers assisted Mr. Cooke in his campaign, and, as in the Revolution,

when the finances of the country were directed by Robert Morris so in the Civil War Jay Cooke conferred with members of the peace-loving Society of Friends bringing their hoards to government aid. "I knew," says Mr. Cooke in his Memoirs, "that vast wealth was in the hands of this people particularly in Pennsylvania, Ohio, Indiana, etc. I therefore sent for some of their leading and representative men and after acknowledging my admiration for the principles upheld by them I submitted a plan by which without a violation of those principles they could effectually aid their government. It was well known to them that large sums were required for the support of hospitals, for medicines and attendance upon the sick and wounded, for the ambulance service, etc., and I proposed that I would personally see to it that all their subscriptions should be applied directly to the relief of the sick and wounded and in the purchase of such blankets, food and medicines as were required for the comfort of those in the hospitals. This proposition was entirely satisfactory to them, relieving them from their conscientious scruples. Subscriptions to a large amount were at once made by these staunch citizens."

In March Wilkeson went to Boston to strengthen the loan with the press of that city. "Let me write the songs of a people and I care not who makes its loans," said he in a letter to Mr. Cooke. "Let me write the seven-thirty editorials and I care not what padlocks are used in locking up the people's money." He had received "license to shove editorials" into the *Transcript*, the *Herald* and the *Journal* and was commissioned to see General Butler "touching the money in stockings

and chests in the city of Lowell." There were said to be three million dollars in savings banks in that city. "Butler," he continued, "is the great power in Massachusetts and is a good man to set on fire. I shall see Governor Andrew and leave letters of an inflaming kind for Senator Wilson."

John Russell Young who had earlier been employed by the *Philadelphia Press*, and at the conclusion of his term of service for the loan joined the staff of the *New York Tribune*, upon the recommendations of Mr. Cooke and Sam Wilkeson, was sent to New York in May to open a separate 7-30 press bureau for that city. Associated with him in this work was J. W. Schuckers, a young man who had been Chase's private secretary in the Treasury Department, later becoming his biographer. When Chase needed him no longer he had chosen to study law and appealed to Jay Cooke who put him through the Albany Law School, and maintained him afterward for some time while he was in the briefless stage of his barristership. Young and Schuckers opened an office at 765 Broadway and in addition to the work of manipulating newspaper men and distributing and posting circulars they forwarded the establishment of night offices.

Mr. Cooke had a staff of night clerks to receive the subscriptions of workingmen at his house in Third Street in Philadelphia and he opened several branch agencies in different parts of the city, especially in the mill districts. The example was followed by Henry Cooke and Fahnestock in Washington, and it was highly important that such opportunities should exist in New York, since much was to be made of the fact that

The Working Men's Savings Bank!



FRANK SEEGOR, 104 Avenue C.

JAMES R. YOUNG, 765 Broadway.

CRANE & FASSIT, corner Broadway and Canal Sts.

BOWEN & BUTTRICK, cor. Fulton & Clinton st. Brooklyn.

CHAS. McARTER, Post Office, Greenpoint, L. I.

W. HARLAN PAGE, No. 1 Court Street, cor. Montague, Brooklyn.

JOHN SEELEY, 733 Broadway.

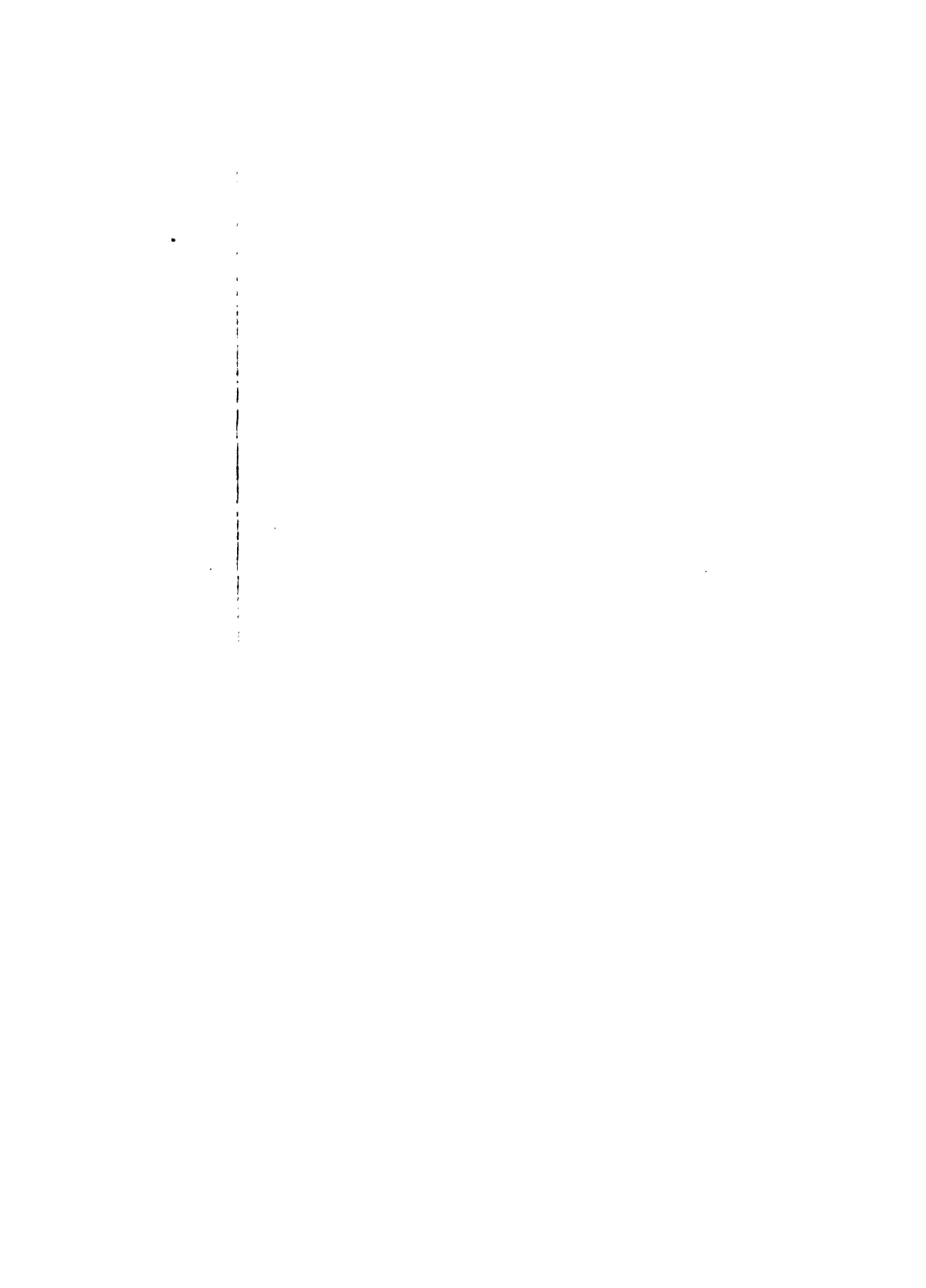
S. W. WOOLSEY, 136 Grand Street, Williamsburg.

HENRY OLTMANS, 100 Graham Street, Williamsburg.

Fetch on your little sums of \$50 & \$100. MAKE THE U. S. GOVERNMENT YOUR SAVINGS BANK

ITALY: CHIANI BROTTIGNON, Firenze, 119 & 116 Strada Third Street, Pistoia, 119

POSTER ADVERTISING NIGHT AGENCIES FOR THE SALE OF THE 7-30 LOAN IN AND ABOUT
NEW YORK CITY



this was a people's loan, care being used prominently to advertise the great number of subscribers to \$50 and \$100 bonds. Some of the New York sub-agents such as Wilmerding, Cornwell and Heckscher had early taken steps to establish night offices in that city, extending the service to Newark, Rahway and New Brunswick. Now under Mr. Young's direction the system was developed. The principal sub-agents in New York were visited and were asked to contribute a number of clerks for the extra service. They did not very generally or cheerfully respond. "The apathy of the bankers and the general disbelief in the success of your plans," wrote John Russell Young in reviewing the experience in a letter to Mr. Cooke, "made the organization of the machinery very difficult. But on June 4th the first agency was opened and in ten days our list of agents numbered seventeen." These night agencies, several of which were located in the suburbs of the city, were gratuitously supplied with circulars from Young's office in Broadway. The following description of scenes enacted in one of them comes from the *Tribune*:

All sorts of people — all varieties of race and character with which the world of New York abounds — flock to the night agencies. The machinery of the agency is simple — a few desks and tables — a corps of experienced clerks and tellers — the exchange of the registered 7.30 bond for each individual loan — and the applicant at the Nation's Savings Bank becomes at once the nation's creditor and beneficiary. Thousands are accommodated in a night, and sums represented by bonds varying from the small \$50 bond, which places the loan within reach of the poorest savings, to the momentous and enviable \$1,000 note, are taken with republican simplicity into the vast receptacle of the United States exchequer. A glance at the characters

ordinarily encountered in a single night of the 7.30 will give some idea of the universality of this impartial money-distribution. Out of 100 bond-buyers who crowd the office in Bleecker street, each waiting in turn to lend his money out for interest, at least 60 are mechanics or laborers, 20 are saloon-keepers, small dealers and soldiers, and the rest are an almost nondescript condition of venders, clerks, and even boys, mixed in with a number of women in faded calico or mourning — toil, sorrow, wrinkled thrift, or the working-woman's work-a-day written upon their features. In another arrival the proportion of dealers and soldiers is greater, but throughout the evening a tide of labor pours in through the portals of the "Seven-Thirty," amid a confusion of faces, tongues and opinions. Rude finance discussed with homely sense between workman and workman, political prejudice cured or silenced by a witty word tossed over the shoulder, question after question answered across the counter, and the whole matter and genius of the 7.30 understood and appreciated. Every-day characters familiar on the street turn up again, to the surprise of many, in the sanctum of the 7.30.

One of the agencies is largely patronized by rivermen, sailors, steamboat men, engineers, etc. Out of 157 applicants, paid off in bonds from seven o'clock till nine, the following interesting and significant statistics are gleaned: 27 were shop-keepers; 19 were machinists, boiler-makers, foundry men, etc., all workers in iron; 17 returned soldiers and sailors; 12 clerks and store-tenders; 10 saloon-keepers; nine steamboat men, engineers, etc.; five bartenders; four hotel servants; five hatters; four saddlers; four car-drivers; two cabmen; two farmers; three stall-keepers; five shoemakers; four tailors; five bookbinders; six store and working women; six barbers; four cigarmakers; one was a telegrapher; one an actor; one a journalist; one a peddler. Of this congregation 10 were colored men; two were boys; 13 were Irishmen; 16 Germans, and Portuguese, Chinese, and one Moor, were a part of the curiosities of nationality. These facts give only a glimpse of a world-wide democratic phase of the 7.30.

Most amusing are the colloquies which occasionally occur between foreign-born citizens and the officers of the Loan. A

tongue tipped with blarney answers to the question: "What can I do for you?" with "Sure, I want a 7.30—I've heard so much about it." "What denomination will you have, 100 or 500?" asks the agent. "Faith, then," replies Patrick, "I'll take as big as you've got." But upon being asked to show money for such a bond, the crest-fallen Hibernian murmurs in amazement: "Troth, I thought I could get it chaper." It is some time before the real state of Patrick's purse is arrived at, and he consents to take a \$50 bond, after understanding that it will be worth more than \$60 to him in three years, and its face value at any time. German Hans has sometimes the same misfortune of making the Seven-Thirties problematical. "How much Seven-Tirty will you gif me for vun hunerd thalers?" inquires the stranger. "One hundred dollars worth," answers the agent, without his usual circumspection. The disappointed Bavarian is about to withdraw, but is at length made to understand the value of a bond at the end of three years.

Another brief incident shows the benefits arising from the issue of a small denomination of the 7.30. A boy lately entered one of the agencies, and laid upon the table his handful of savings, evidently not quite understanding the theory of values, but fully persuaded that the nation's exchequer was the best of saving funds. Only \$47 could be counted by the teller—\$3 were yet wanting to entitle the juvenile money-lender to the smallest denomination of bond. The young American would have gone away in chagrin if not in tears had not the wanting money been generously raised upon the premises and presented to the innocent and fortunate bond-holder.

Of the amount of bonds sold at the various night agencies in New York we have no exact statistics, but the sales one week of single nights, principally among the workingmen and laboring classes, have reached as high as \$96,000.

John Russell Young had many boys constantly employed in distributing circulars, and a dozen young men were procured to act as canvassers. They were instructed "to see heads of factories, clergymen, keepers

of inns and to explain and sustain the loan." The "question and answer circular" imprinted with the name of a night agent was folded in other advertising sheets and the packet was placed in every house within forty miles of New York. "I really think," wrote Schuckers to Jay Cooke on July 18th, "that there has been personal effort in every manufacturing establishment of any size—employing over three or four men—in New York, Brooklyn, Williamsburg, Jersey City, Newark, Hoboken and other places about the city. But this city is not Philadelphia. The population—the lower classes at any rate—are miserably thriftless and worse than this they are wretchedly copperheadish."

Boston does not seem to have been ready to sell bonds at night until July when the loan was nearly closed. Then the Adams Express Company in that city offered to undertake the business to accommodate the workingmen at the Navy Yard who desired to subscribe for the notes, but had no opportunity to go for them in the day time.

The loan had its humor and its oddities. All of these were diligently used by Wilkeson through the newspapers, which he and the writers under him so constantly supplied with reading notices. Some damage was suffered by those engaged in selling the loan through the drunkenness which ensued upon the receipt of the news of Grant's victories around Richmond. On March 31st Wilkeson wrote Mr. Cooke from the office of the New York *Tribune*:

The turning by a drunken proof-reader of our noble army of small subscribers to the loan into dollars broke my heart and ruined my breakfast. Mr. Greeley just said to me, "You have

leisure and oblige me by going up stairs and choking that infernal fool for nine minutes. Now *do* oblige me." I went up to choke. But the boy looked poor and was contrite and came much nearer getting a five dollar bill out of me than an assault and battery. The foreman of the great room shot consolation at me as he would an old shoe as I went out of the door. "Why, Wilkeson, you made the mistake yourself and purposely so as to have a chance at publishing Jay Cooke's loan again through the correction of an error." That advantage shall be secured any way. The table shall be published over to-morrow.

"Think of bribes in this seven-thirty business," wrote Wilkeson on April 1st. "An ambitious, smart young broker yesterday asked me to get him appointed your agent for the value of its advertising of himself and of your endorsement, and promised to pay me every cent of his commissions."

Wilkeson graphically described in the *New York Tribune* the scenes in Jay Cooke's Philadelphia office, the article being copied in many other journals. He wrote in his characteristically graphic and readable way:

Jay Cooke and Company's in Philadelphia, suggests the idea of a difficult acquisition long ago of a narrow front room in which to do a banking business; of an extension of this territory in time by the aid of a carpenter skilled in door-making into a snuggerly behind for confidential communications; of a subsequent acquisition by purchase of a right to cut a door through the partition wall; of a little room straight beyond that somebody possessed; of a subsequent growth sideways out of the snuggerly through another partition into a little room and afterward from sheer force of assimilation this little room seems to have insisted upon the company of another little room living at right angles to it; and the carpenter was sent for and they were married through a doorway.

It is bright noon now and bright sunlight out in South Third Street. It is bright gaslight in this last little room and it is as hot as an oven. Three big burners are a-going and there are four clerks with pens a-going. You feel that they have come to a high moral understanding not to joggle each other in their work. You have a sense of just going to upset something, walk into something, knock something down in some way to derange the finances of the United States of America, if you move in this little room, or turn your head, or even wink strongly. You are stunned by seeing a little telegraph boy with his message book held to his breast with both hands rush in and rush up to a clerk with military whiskers and give him a despatch, and then turn with a hardened indifference and commence the chewing of gum. The despatch is read and receipted for and the boy vanishes with a step of immense business, but chewing. The ribbon of paper which he has left behind is an order for a half a million of seven-thirty bonds.

It is noon at Jay Cooke and Company's. Inside the parent front room of all these little back and side rooms the narrow space between the counter and the wall is crowded with people all waiting to be waited on. They are of all classes and all degrees and of all colors. There are black men in Jay Cooke and Company's and they hold money in their hands, and there is a soldier there, and there is an officer, lame, yet with an unmistakable air of command and of guardianship; and there are Quakers who look annuity and coupons and peace and goodness all over them; and there is a clergyman; and a woman that sews, and sews by gaslight I will wager, and three women who sew not, neither do they spin, but who make investments; and there are mechanics, one with his dinner pail; and there are two impatient brokers who take little walks in small circles and pull out watches to see what's o'clock. Their time is money. A slow stream of people putting something away in inside pockets comes out from the second room and flows into the street. A new telegraph boy with that peculiar stride of life-or-death haste that nothing must obstruct, butts into the crowd and opens his book and handles his despatch as he pushes through to the

turn-off into the little room where you fear to move lest you smash the finances of your country.

"Come here, boy! here! here! here! Let me see how they come in," rings a joyous magnetic voice in which command clearly mingles with laughter. The lad turns and butts his way into room No. 3, counting straight from the sidewalk, in which is a great deal of shadow cast by old Stephen Girard [the Girard Bank adjoined Jay Cooke and Company's], two tables piled with manuscript, a sofa, eight chairs, bundles of blanks and two men busy with pens in their hands. One of them is Jay Cooke.

"I like to see how they come in, my son." The boy delivers his despatch. It is opened and read: "Second National Bank, Chicago, \$142,000."

"That is another rope to tie the West to the East. Take it into the side room, my child," and the speaker resumes his pen and writes rapidly. He is a large man who gives you instantly the impression of not having done growing — of having a great deal of youth straggling behind his manhood and that has not yet marched up, but is going to come in soon, and camp right down on the table at which he is writing. You don't see 7-30s in him at your first look, nor 10-40s, nor 5-20s, nor any finance, nor any statesmanship, nor any power. But you do see, and you linger over the sweetness and tenderness of his mouth; the boyish freshness of his face; the boyish weight and disorder of his brown hair; the childlike brightness of eyes behind whose laughter you see thinking going on; the superabounding suppleness and quickness of full-muscled boyhood in a large man's motions. Certainly that man shall quit banking soon and play leap frog. You are sure of it. The business of raising the money to carry on a war that eats up three millions a day, you are sure that he will stop it in just three minutes' time and let fly out of him several hundred cubic feet of uncontaminated blissful New England district school joyousness, in pretending to be a church organ playing Old Hundred with a variation of Yankee Doodle — running furious foot races which terminate in wrestling — trotting with unbroken wind up snow hills with the empty sleds of all the girls in the district — back-

ing the A. B. C. toddlers through the deep drifts with purposely accidental falls that wet only himself, but make immensity of shouting and laughter in which the hills join.

His pen is going fast. The lame officer comes in and takes gold out of his vest pocket — five double eagles — and jingles them. “One of my men asked me to bring this in” (this officer commands a camp of rendezvous and instruction for colored troops) “and put it into 7-30s.”

“Tardy repentance, Colonel. But the white gold gamblers have been caught in the same way. Better late than never, though.”

“And another has given me \$800 to invest.”

“Hurrah! Ah, Colonel, it is not altogether a white man’s war, is it? I am glad to have black soldiers take the government loan. The subscription should run like a cord through the whole country, tying it together, making one interest, removing prejudices and solidifying the nation.”

The cadence of this sentence, slightly drawn out, as he resumed his pen and wrote rapidly, produced the effect of a halt in his thought that left unsaid things which might have been said, but not being necessary to be said, had been deferred for want of time. Evidently a man of business — earnest, intent, persevering, quick, self-possessed, bold. He grips big things with the familiarity with which old gunners grip cannon. I have heard that he will buy a railroad a hundred miles or two hundred miles long, a railroad dead of bankruptcy and entombed in trustees, and without promise or prospect of resurrection — that he will buy, reanimate it, rebuild it, restock it and set it a-going, and sell it to the bystanders when they have gotten over being dumbfounded at the miracle at a price compassable by them and remunerative to himself. And I have heard that he will buy up the depreciated debt of a huge western state upon his convictions that its soil and its population will double, treble and quadruple its wealth and fetch her obligations up to par. The man handles huge sums of money and huge loans with the ease and precision with which mathematicians handle large combinations of figures.

A new telegraph boy rushes in, hidden, nearly, in a great coat and wheezy as to his respiration, the spur of pressing importance roweling him deep. He throws down his despatches, then folds his book and plays a tattoo on the cover, settling his look upon Jay Cooke and listening to him with reverence.

“‘Keokuk, Ia., \$20,000.’ That’s well off to sundown. Good! ‘Lowell, Mass., \$17,000.’ Good also! That’s from the factory girls. ‘McConnellsville, O., \$20,500.’ Nearly all in fifties and hundreds. ‘Lafayette, Ind., \$10,300.’ Augusta, Me.; Louisville, Ky.; Des Moines, Ia. Won’t somebody just tell me where will be the repudiation of the national debt that is diffused east and west and north and south?”

And he resumes his rapid writing and is absorbed with his work. The letter finished, he speaks up cheerily again, while he folds the sheet with his fingers.

“It is the taking of this loan by the people instead of foreigners; it is the depositing by the people of their money and their faith and their affections in their government; and their belief in the boundless resources of their country and in its power and its glory—it is this that makes these telegrams bewitching and important. It is these small subscriptions that we want, not the big ones. These small subscribers won’t sell their bonds. They buy to keep. Every little fifty dollar or hundred dollar bond they get is a nest egg. They will pinch and save and work to buy more. The big subscribers will sell out on a rise, or they will sell out to buy a ship, or stock a store, or buy land. But the small buyers hang on and weave themselves into the very life and interests of the government. This loan could easily have been marketed in Germany. But what a political blunder it would have been to have sold it abroad and what an economical misfortune! The war debt of the United States, due to the people of the United States, can be easily carried and ultimately paid. Two American national debts have been extinguished by payment. The third one will be extinguished in the same way. But until it is paid not the scurviest politician will dare peep of repudiation; no section will lisp secession or division. I hold in this fist the guarantee of permanent union

between the east and the west and the center and the extremes;" and he flutters with a great smile a handful of seven-thirty telegrams.¹

Mr. Cooke was the most lavish patron of the telegraph whom the companies had yet known, and while he obtained some concessions in price in view of the great volume of his trade the tolls were an important item of expense in his operations. As he was engaged in government business his despatches received the precedence accorded to all departmental telegrams. To reduce the charges and mystify the operators, who were not always to be trusted with the simplest matters, Jay Cooke devised a "Seven-Thirty Telegraph Key" a development of earlier codes in use in the office, which was sent to all his agents who at one time numbered more than five thousand.

"Baltimore Md., 15th. We deposited for John, medium, Brothers McKim," being interpreted was an order for \$10,000 of the bonds in five hundreds and one thousands.

"New York, 15th. Total Emily Stone. Half Country. J. H. Stout, Cashier." This unlocked was "Total \$100,000, half to be forwarded to us from Washington in one thousands and balance to subscribers from Washington."

"Baltimore, Md., 15th. City Luke Marble. Will remit by express. J. W. Guest, Cashier." A bank in Baltimore wished to have forwarded to it from Washington \$200,000 in \$5,000 notes.

"Boston, Feb. 15th. Total Robert. James H. Beal, President." These two words told Jay Cooke that

¹ *Tribune*, March 7, 1865.

\$400,000 were subscribed for by a Boston bank on February 15, 1865.

“Boston, Mass., 15th. Send Alexander Stone. Martin Brick, John Iron, John Lath, Spencer, Vila & Co.,” which translated was: “Send \$50,000 in one thousands, \$30,000 in five hundreds, \$10,000 in one hundreds, \$10,000 in fifties.”

Another description of the scenes in Jay Cooke’s office a few weeks later gives us a few new pictures:

While one squad of clerks were rapidly filling up the bonds another were taxing their brains in answering the endless questions propounded by the multitude. Although many of these inquiries were pure absurdities, the clerks in their replies maintained their civility — no matter what they might have thought of the questions or questioners. In one instance that came under our notice the politeness of a clerk who had been for a long time pestered by the queries of a middle-aged man was rewarded by the bringing forth of \$6,000 from an old-fashioned pocket-book, with the request that a bond be made out to him for that amount. Upon receiving his bond from the clerk he remarked that he had had no advantages of learning, but had read and heard so much about this great loan that he inquired among his neighbors. He found that many of them were investing in it, and when a thing is sure, he argued, it is better to get 7 $\frac{3}{10}$ per cent. than 5 per cent., which he had been receiving.

The natural instincts even of the ignorant cause them to invest in this loan. A little old Irish woman, whose wrinkled face and whitened locks indicated some seventy years, took \$1200 worth of the bonds. She entered the office assuredly, as one bent upon the consummation of a fixed purpose, and, unawed by the room full of clerks with whom she found herself surrounded, in a strong brogue inquired: “Is Mr. Jay Cooke, the government agent, in?”

Supposing the inquiry to proceed from one of the many applicants for charity who find their way to his office, and whom he rarely denies, Mr. Cooke avowed his presence.

"I want to subscribe \$1200 to the government loan," said the woman. Agreeably surprised, Mr. Cooke took steps to have her supplied with the bonds. "All that I am worth I acquired here," she explained. "I had not a cent when I came to this country, nor had any of my friends. I take this much for Old Abe and the country, and if more is necessary they shall have it." Having received her bonds, she retired with the remark that if all the crowd was going to subscribe there would be none left for her boy Michael, who had just sold his stock and was coming to the city in a few days to get some for the children.

Now and then a bank clerk rushes in without a hat and out of breath and wants \$75,000 worth in less than no time, in \$50, \$100, \$500 and \$1000 bonds. "Sign the receipt for this despatch" has been tingled in our ears by telegraph messengers no less than twenty times during the short while we have been in the office. These despatches all contain orders for the 7-30 loan. They come from Aroostook, Me., throughout all the states to San Francisco, Cal. Confused tongues fill the air; the crowd ebbs and flows; every bondholder departs with a smile; the clerks rejoice that the loan is so nearly all taken, and Jay Cooke knows that he is receiving enough money to keep the armies in motion.

A correspondent of the *Media (Pa.) American*¹ described what he had seen in Jay Cooke's office on the preceding Saturday:

The first sign of business was the arrival of a huge mail with letters enough to supply one of the smaller European kingdoms. How many there were I will not say for the simple reason that I do not know. These letters contained remittances for bonds of small and large amounts from all parts of the country (outside of [Jeff] Davis's dominion); from Portland and Boston on one hand to St. Paul, St. Louis and Louisville on the other. Before these were disposed of by the Saul of the clerical forces the little army of clerks had dropped in one by one and each busied himself in preparations for the day's turmoil and

¹ April 1.

conflict. It soon began. At nine o'clock briskness and activity were apparent on every hand. The people were there thick as bees in a molasses hogshead. They had come to gather honey as well as to deposit sweets in Uncle Sam's honeycomb. Bonds! Bonds! Bonds! These ruled the hour; these constituted the magnet of attraction, drawing the people in and the greenbacks out; these were cementing the citizens to their government with a power and durability of cohesion that challenged the practical application of Spaulding glue. All day long that line of citizen soldiery constantly forming in the rear as it melted away in the front marched up single file to do the nation service. It was a sight well worth witnessing. It would be interesting to know the exact number of persons who thus came, paid their cash, received their bonds and departed in peace. Perhaps the number would have sufficed to send a representative to Congress or to form the basis of a territorial organization. I shall not attempt to make a sober estimate, however, lest I should bring down a shower of doubts from the incredulous. Here let me drop the curtain and leave the merry clerks to the undisturbed enjoyment of their beautiful feast of figures. They toil on, toil on, and the midnight hour draws near, as the last of their number glides into the starlight.

Thus was each day spent at the Seven-Thirty Agency in Philadelphia, receiving despatches, some in cipher, some in plain English—selling the loan to all classes who poured in from the street from early morning till late in the evening, and writing, talking, planning, conspiring for greater sales on the morrow.

Mr. Cooke's agents were urged to communicate any odd experiences in connection with the taking of the loan. One day Solon Robinson of New York telegraphed that he had just invested \$700 in seven-thirties "for a poor washerwoman, the savings of seven years which she had until now been deterred from investing by the counsel of a Copperhead friend." An order

came from Santa Fé, New Mexico, to fill the subscriptions of cow-punchers and Mexicans. The Tennessee and border state subscriptions, as in five-twenty days, were duly announced with much rejoicing.

It was stated early in the summer of 1865 that "the small town of Des Moines, Ia., had already subscribed for over \$1,800,000 of seven-thirty bonds \$1,400,000 of which came through the First National Bank of the place. It is more astonishing when we consider that the town contains a population of only 7,000 souls."

A traveling agent named Gallaway who reported upon his work in the West said that the National Bank of Galena, Ill., had sold \$266,000 of bonds in six weeks, all of them being taken by farmers and mechanics. A little agency established in Havana, Ill., received subscriptions amounting to more than \$3,000 in less than three hours after it was opened for business. "Residing in Wilmington, Ill.," said Gallaway, "is an old woman whose husband died some years ago, leaving her, as every one supposed, entirely destitute. Since that time she has been living very poorly and worked hard. One day she came into the bank and inquired about the seven-thirty loan. After the clerk had answered her questions she said: 'I guess I will take some,' and drew from under her shawl an old silk handkerchief containing \$1,200, which had been lying away so long and had become so musty that the clerk could scarcely handle the money owing to the disagreeable smell."

Everywhere in the West the widows' mites were going into 7-30s. That which no bank could secure was loaned to the government through Jay Cooke. Men and

women walked or rode from twenty to sixty miles to the nearest agency to put their hard-earned savings in United States bonds.

In March an interesting letter was sent to the newspapers from Jay Cooke's office. It was written by a sergeant of a company in a cavalry division of the Army of the James and was as follows:

A number of the men in the company to which I belong (Company B) have requested me to write you in relation to subscriptions to the new 7 per cent. U. S. loan. They wish the following information, viz.:

Can they deposit their bonds with you after purchase? How can they arrange their deposit, if so made, so that their friends can obtain them if they should be captured or killed?

If deposited with you or any other party, would the presentation of their final statements by the person authorized to settle them procure their bonds?

Many of these men would like to invest their surplus funds in these bonds, but have no relations or friends that they like to leave them with. They would wish to deposit them and leave the interest to accumulate till such time as they obtain their discharge.

In case they should be killed they wish to leave them to such friends as they have, but prefer as long as they are alive to keep the control of them themselves.

If not too much trouble will you, gentlemen, please answer this and give the desired information? By so doing you will confer a great favor upon some poor soldiers who have no friends to depend upon and who would lay by a few dollars instead of gambling it away as they have done.

Jay Cooke and Company replied that they would be "happy to undertake the safe keeping" of the soldiers' notes, awaiting the orders of their owners and forwarding them should they be killed to such persons as they might designate.

The New York *Tribune* related these incidents:

On Monday last, a boy presented himself at the counter of Jay Cooke and Company in Philadelphia and said that he wanted to invest \$10,000 in seven-thirties. He took that amount from his person in greenbacks and the notes of Ohio and Indiana banks. It soon transpired that he lived in the western part of Indiana. Desiring to invest in the government loan, and thinking with a prudent simplicity that it would be safest to get his bonds from Jay Cooke's own hands, he traveled all the way to Philadelphia to make the purchase. While there he received the attentions which his patriotism and devotion merited.

On Friday of last week a German came into the national bank of Dubuque, having walked thirty miles from his farm in the neighborhood of Bellevue. His clothes were ragged; the appearance of the old man was that of a mendicant. It was an artifice to avert robbery on the road. For in the bank he took out of his dress \$13,000; his own money in part, but principally his neighbors', entrusted to him to invest in the government loan. Every dollar of the thirteen thousand had been dug by these Germans out of the soil with hard days' work.¹

Wilkeson also prepared a number of hand-bills, posters, and broadsides far more striking than any which had yet been issued by the loan agent. They were exposed in windows and fastened to walls. One of them, of enormous size, intended to advertise the night agencies in New York, was printed in colors. It was designed to stand forth, as Wilkeson said, among "the patent horse medicines and the new mowing machines advertised on the same wall."

On April 4th he had the poster which called attention to "the best investment on this earth and the safest" hanging upon the wall of his room at the Astor House. When he returned from breakfast "a huge Irish cham-

¹ March 29th.

Patriotic Songs!



1. The Star-Spangled Banner	2. The Minnie Minnie	3. The Battle Hymn of the Republic	4. The Dixie	5. The Star-Spangled Banner
6. The Minnie Minnie	7. The Battle Hymn of the Republic	8. The Dixie	9. The Star-Spangled Banner	10. The Minnie Minnie
11. The Battle Hymn of the Republic	12. The Dixie	13. The Star-Spangled Banner	14. The Minnie Minnie	15. The Battle Hymn of the Republic
16. The Dixie	17. The Star-Spangled Banner	18. The Minnie Minnie	19. The Battle Hymn of the Republic	20. The Dixie
21. The Star-Spangled Banner	22. The Minnie Minnie	23. The Battle Hymn of the Republic	24. The Dixie	25. The Star-Spangled Banner
26. The Minnie Minnie	27. The Battle Hymn of the Republic	28. The Dixie	29. The Star-Spangled Banner	30. The Minnie Minnie
31. The Battle Hymn of the Republic	32. The Dixie	33. The Star-Spangled Banner	34. The Minnie Minnie	35. The Battle Hymn of the Republic
36. The Dixie	37. The Star-Spangled Banner	38. The Minnie Minnie	39. The Battle Hymn of the Republic	40. The Dixie
41. The Star-Spangled Banner	42. The Minnie Minnie	43. The Battle Hymn of the Republic	44. The Dixie	45. The Star-Spangled Banner
46. The Minnie Minnie	47. The Battle Hymn of the Republic	48. The Dixie	49. The Star-Spangled Banner	50. The Minnie Minnie
51. The Battle Hymn of the Republic	52. The Dixie	53. The Star-Spangled Banner	54. The Minnie Minnie	55. The Battle Hymn of the Republic
56. The Dixie	57. The Star-Spangled Banner	58. The Minnie Minnie	59. The Battle Hymn of the Republic	60. The Dixie
61. The Star-Spangled Banner	62. The Minnie Minnie	63. The Battle Hymn of the Republic	64. The Dixie	65. The Star-Spangled Banner
66. The Minnie Minnie	67. The Battle Hymn of the Republic	68. The Dixie	69. The Star-Spangled Banner	70. The Minnie Minnie
71. The Battle Hymn of the Republic	72. The Dixie	73. The Star-Spangled Banner	74. The Minnie Minnie	75. The Battle Hymn of the Republic
76. The Dixie	77. The Star-Spangled Banner	78. The Minnie Minnie	79. The Battle Hymn of the Republic	80. The Dixie
81. The Star-Spangled Banner	82. The Minnie Minnie	83. The Battle Hymn of the Republic	84. The Dixie	85. The Star-Spangled Banner
86. The Minnie Minnie	87. The Battle Hymn of the Republic	88. The Dixie	89. The Star-Spangled Banner	90. The Minnie Minnie
91. The Battle Hymn of the Republic	92. The Dixie	93. The Star-Spangled Banner	94. The Minnie Minnie	95. The Battle Hymn of the Republic
96. The Dixie	97. The Star-Spangled Banner	98. The Minnie Minnie	99. The Battle Hymn of the Republic	100. The Dixie

SEVEN THIRTY



Facts and Figures

EAGLES

On front and reverse side of Wilkeson's Seven-thirty Circular, called "Facts and Figures"



bermaid was spelling her way through it, her duster and broom on her hips. 'Put-yer-money-where-it-is-foriver-safe,' she said as she read." "Faith," she continued to Wilkeson's amusement, "I shall just do that same. I've got a hundred to invest to-day."

The large sheets, which Wilkeson issued, headed "Facts and Figures" were filled upon one side with editorials and news items, mostly taken from the *New York Tribune*, while the other was crowded with "Hail Columbia," "America," "John Brown's Body," "Yankee Doodle," and similar patriotic songs. Over it all was stretched a great American eagle bearing in its beak a scroll upon which appeared the words "Your sons and your money on your country's altar." From this sheet the facts and arguments about the loan might be clipped, if it came into an editor's hands, while the songs commended it to everyone.

The nucleus for Mr. Cooke's staff of travelling agents was found in several experienced 5-20 canvassers. Their number was increased until there was no part of the country, especially in the West, that they did not penetrate. By rail, by steamboat, by stage, by hack and buggy and upon horseback, and in recovered parts of the South sometimes on muleback they went hither and thither, visiting bankers; appointing and strengthening the courage of local resident agents; stimulating the editors of newspapers; talking to moneyed citizens wherever they could be found; posting show-bills, and distributing circulars in various languages to all classes of the people. The story of the experiences of these travelling agents will never be fully told but enough can be gleaned from their reports to Jay Cooke to indicate

how laborious and adventuresome were the lives they led, especially in the border states. The agent in Delaware found that the bankers in his district were nearly all "Copperheads" or "rebels." Upon explaining his mission he was often plainly told that it would not be worth his while to open his "bundle." As in the 5-20 campaign it was still the mission of the travelling agents to assist in the formation of national banks, and endeavor to strengthen the system which Mr. Cooke and Mr. Chase had done so much to create. The state banks in Delaware had not yet entered the new system and an officer of one of these at New Castle told the agent, J. Edward Zug, that he would rather see his institution sink in ruins than have it become a national bank.

Julian Brewer who had a circuit in Maryland wrote from Rockville in that state that he had never been in a place in which so little interest was manifested in the loan. It was "out of the question" to get them "to invest their negro-made money in government bonds," though he had no doubt that in a short time no one could be found to admit that he had ever been anything but a "strong Union man." Now that they were beginning "to see their cause evaporate little by little they will soon come back and think this government one of the best under the sun." This agent after Lincoln's assassination was arrested, in common with every one in Maryland who could not be identified by undoubtedly loyal persons, and sent to Washington under police escort where without a hearing he was committed to the guard house. At such a time even Jay Cooke's name seems to have been forgotten. Brewer showed the captain of the

Office of Jay Cooke, Subscription Agent,
114 SOUTH THIRD STREET.

Philadelphia, Feb/25th 1865.

To
Banks & Bankers!

This will introduce to
your acquaintance, J. Edgar Zug,
who will make arrangements with you for
the sale of the 7³/₁₆ Government Loan.

He will hand you explanatory circulars,
and give you all the information needed.
I desire your assistance in this matter,
and hoping you may be successful in your
efforts, and thus aid our Government, I
remain,

Very truly,
Yours,
Jay Cooke
Sub Agent.

CREDENTIALS OF JAY COOKE'S TRAVELLING BOND AGENTS

guard a letter from the Subscription Agent, but the fellow said he had never heard of such a man as Jay Cooke. It was several hours before the Maryland bond agent could satisfy the police that he was not implicated in the murder of the President,¹ and a week before it was considered safe for him to resume his journeyings for fear of re-arrest.

In some parts of Kentucky even as late as in March and April, 1865, the banks were all closed because of the raids of bushwhackers and guerillas and in Missouri where the work was in charge of R. N. Allen, the only brother of Mrs. Jay Cooke who remained loyal to the Union, many difficulties were to be overcome. Mr. Allen left St. Louis in March. He wrote to the Subscription Agent of his experiences, which were various, as follows:

I found the country mostly occupied by bushwhackers and but little or no business doing outside the towns; and within the towns and villages the people indisposed to do anything with the loan. In some of the towns nearly all the banking business, and indeed all mercantile operations were in the hands of Secessionists or their sympathizers. It was with much difficulty that I was able to secure business men who were willing to risk doing the work. They were greatly in fear of the bushwhackers. Arrived at Warrensburg I found the stage taken off the route to Independence on account of being robbed and a general fear to take any road leading out of the place. I, however, succeeded in getting a passage to Lexington and when about two miles out the stage was stopped and four very valorous gentlemen were relieved of their effects, viz. pistols, blankets, pocketbooks, etc. Your agent had the pleasure of handing the knights of the road his wallet containing the large amount of one dollar and fifty cents when we were released and allowed to go on our way.

¹ Letter to J. C., April 16.

For six weeks Mr. Allen suffered from an attack of swamp fever at his home in Kentucky and when he returned to his circuit "lo, a great change had come over the people. A magician had passed his wand over the country and left a Copperhead people perfectly loyal. Bushwhackers had disappeared and the most bitter hostility to rebellion had grown up in their stead. My pathway was now smooth and no difficulty existed in disseminating among the people information in reference to the government loan. I have distributed thousands of bills, circulars, etc., among the people, through the cars and in all the hotels; made agents in all the principal towns and friends of as many editors and proprietors of newspapers as possible, in this way doing what I was able to forward your views."

The travelling agents also had many unpleasant adventures in the Copperhead districts of Indiana. G. P. Hopkins wrote from Fort Wayne in April:

"General Grant captured Fort Wayne when he captured General Lee, and now Old Glory floats over the court-house here, a circumstance which has not happened before in four years, so I am credibly informed."

After the war had ended the Indiana Copperheads became "Butternuts," "a class in this section strongly in favor of the most lenient policy from the government towards the leaders as well as the masses of those engaged in the rebellion."

The agents frequently attempted to square their accounts with those who received them coldly or disagreeably, by abusive records in their reports to Jay Cooke. The Delaware agent said that to distribute loan circulars in that state was "like casting pearls before swine." Of

a dealer in Evansville, Ind., Alexander Robb wrote laconically. "Sells gold and silver, passage tickets and so on. No government securities. Is a vile-mouthed Secessionist of Irish birth. Married a Kentucky woman of high-strung nerves that could not stand his legitimate business, that of a tailor, so she turned him banker. A small pile of gold is all there is of him except his foul principles."

In Crawfordsville Robb found a firm which was made up of "rank anti-administration Secessionists and no mistake. Folks say that they use all their influence against the seven-thirty. They are the most dirty, uncouth bankers it has been my luck to see. Dirty, mean, ungentlemanly, pipe-smoking concern."

"The greatest rankness of feeling exists between the Republicans and Democrats," said another report from Indiana. "They won't speak but to abuse each other. The Republicans or administration men are respected whilst I have often seen the finger of scorn pointed at the Copperheads and the remark made, 'there goes one of the Butternuts.'"

In a hotel in Logansport a sign had been hanging in the office for four years: "No Secessionists allowed in this house," and the agent told Mr. Cooke that the rule was enforced by main strength when it was necessary.

The victorious Northern armies were closely followed by seven-thirty agents. Late in March it was generally published in the newspapers that there was standing at Fortress Monroe a box marked "Richmond, Virginia," which contained circulars and all the instructions necessary for obtaining subscriptions in the "rebel capital." It was added half humorously: "Mr. Cooke expects the

way to Richmond to be opened shortly and he is ready to offer the inhabitants who remain a better investment for their money than Confederate bonds."

Richmond had not yet fallen when the Washington house of Jay Cooke and Company sent Colonel William M. Stewart to Norfolk and the Southern coast. Packages of circulars, fully assorted, were shipped him by express to await his coming at Charleston, Savannah, Wilmington, N. C., New Berne and Norfolk. His trip was undertaken by arrangement with Henry Cooke and was for the purpose of opening loan agencies wherever the conditions favored it. He had a letter of appointment from Jay Cooke which was visaed by President Lincoln:

I hereby direct that Mr. Stewart, while travelling on the business referred to within, shall pass from point to point within our lines without molestation.

March 16, 1865.

A. LINCOLN.

The document was also endorsed by the Secretary of the Treasury and the Secretary of War. Colonel Stewart carried letters of introduction to Grant, Sherman and the leading Union generals in the country he was expected to traverse. He could board at will the transports and revenue vessels of the War and Treasury Departments and went down the river in one of these, first visiting Grant and his generals before Richmond. Grant "highly approved" of the expedition and offered Colonel Stewart "every facility" in the way of passes and transportation between the points within his lines.

In his report to Jay Cooke, made up when he had returned from his mission and dated Washington, July 15, 1865, the Commissioner wrote:

After a delay of some days in making the necessary preparations, having received letters of instructions and being furnished with circulars and other documents, I left Washington on Friday, the 24th of March, 1865, and touching at Fortress Monroe, proceeded to City Point on the James River. Thence I went to Norfolk, again returned to City Point, and after visiting the camps and the lines near Petersburg, went back to Norfolk; visited Gosport Navy Yard, Fortress Monroe, the camps, and, having canvassed the whole district, proceeded to New Berne, N. C., via Roanoke Island. From New Berne I went to Moorhead City and Beaufort and thence to Wilmington, N. C.

After some days' detention I went to Charleston, S. C., where I had a large field of operations in the city, the camps around, and among the vessels of all classes in the wide harbor. I next visited Port Royal, and from Hilton Head I went to Savannah, Ga.,¹ again came back to Hilton Head and thence took the steamer to New York and returned to Washington on the 19th of June. In all the places above named I had placards put up, circulars distributed and advertisements inserted in the newspapers. Besides visiting all editors, the most respectable merchants, bankers, lawyers, doctors and other influential persons, I went to the hospitals and camps, conversed with all classes of

¹ "Perhaps no city in the South has suffered more severely during the war than Savannah. With a large banking capital and many lines of communication with the interior, besides strong commercial connections with the North, it had begun to rival Charleston, and indeed was apparently more enterprising and prosperous. Before the war there were no less than eight banks, with an aggregate capital of between five and six millions. The bank of the state of Georgia had a capital of \$1,500,000 with four branches (severally established in the four most important cities of the state) whose combined circulation, or issues, was not less than \$1,600,000 on a specie basis of from \$300,000 to \$500,000. Some of these banks, it is supposed (my informant was a president of one of them), may be able to pay twenty cents on the dollar in redeeming their notes, but not one of them will be able to pay or divide anything among their stockholders. . . . The advantages of a national bank are generally admitted and a strong desire is expressed to set one in operation as early as practicable. To this end a deputation have gone to the north and will proceed to Washington at the earliest day."—Stewart to Jay Cooke, from Port Royal, S. C., June 9, 1865.

the people and even made short addresses to crowds at the hotels and on board of steamers. From time to time as opportunity offered I wrote and had published in the local papers such articles as I thought calculated to show the advantages of the loan, its security as founded on the good faith and ample resources of the country, and above all to point out how as a great national scheme of finance it was made to depend on the individual interest and patriotism of the whole people. From all places I visited I despatched a detailed report, and, having appointed agencies in the most important localities and furnished them fully with documents and your instructions, I trust that the seeds scattered may in due time produce fruit. I have endeavored to discharge the duties you entrusted to me, and if my efforts shall be in any degree effective your approval will be the highest gratification and the amplest reward.

In conclusion allow me to say that, although from the peculiar state of things at this time in the South, much money may not be invested, a patriotic and loyal feeling has been awakened, while a great number of returning soldiers and others will carry the information imparted to them to their distant homes in the North and in the West, and when paid off will not fail to invest in the 7-30s some portion of their hard-earned wages.

Colonel Stewart had many adventures not recounted in his report. He found it difficult to obtain transportation in many neighborhoods. The documents sent to him by express from Philadelphia were often not received. His mail rarely came to hand and agents in the Southern cities were not easily secured, but he was warmly welcomed by the Union generals and as he was always within the Federal military lines, he was respectfully treated by the people. Colonel Stewart appointed as the seven-thirty agent in Norfolk, Va., the Cashier of the new First National Bank in that place; in New Berne, Major DaCosta, Paymaster of the United States Army; in Wilmington he found one banker and in

Charleston three who agreed to receive subscriptions, while a newspaper editor was chosen to be Jay Cooke's representative at Port Royal, S. C. In Savannah, Augusta and Macon, Ga., merchants and bankers were designated.

Another Southern agent of Jay Cooke, Richard Randolph, toured Tennessee, Louisiana, Mississippi and Alabama. He was transported upon the Mississippi River steamboats except during his trips into the interior when he rode mules or availed himself of other local conveyance. In Memphis no less than four agencies were established. Randolph carried to Vicksburg the news of Lincoln's assassination. "The entire town has been draped in mourning," he wrote to Jay Cooke on April 21st, "and the greatest excitement accompanied with the most intense horror and indignation has pervaded the community. Business is almost entirely suspended and even the Secesh feel they have lost the best friend of the South, and the only one to whom they could look for succor and forgiveness. All, both civilians and soldiers, wear badges of mourning. The colored people are, however, the most demonstrative. A portrait of Mr. Lincoln was placed in front of a store and has been continually surrounded by a crowd of them, each sorrowful and many gazing with tearful eyes upon the shadow of him whom the entire race had learned to look up to as the Redeemer leading them out of the vale of darkness into the light of liberty. I stood for some time watching them; certainly one of the most touching spectacles ever witnessed. Some of the more intelligent, seeing that I was a Yankee, commenced questioning me and seemed afraid that Mr. Johnson, being a Southerner, would

make some other arrangements; but were evidently much relieved by my assurance that the same justice would be meted out as under the old regime."

Randolph left the Jay Cooke circulars upon the steamers and gunboats in the Mississippi and visited the commanding generals with whom arrangements were made "for circulating the notices among the military." In Natchez whither he went directly from Vicksburg he found no banking house, although it was "once the richest point on the upper river." A marble bank building modelled upon the lines of the United States Bank in Philadelphia was used as a quartermaster's office. He encouraged several local financiers to undertake the establishment of a national bank and they promised to go north and consult Mr. Cooke upon the subject.

From Natchez a few weeks later, on June 27th, Randolph wrote, describing his recent movements: "I reached Brookhaven where we have a post and United States troops, but on the road found one man named Fife killed by 'jayhawks,' and returning heard of a Mr. King having been hung and a Mr. Reed robbed of all his stock and valuables. I reported the same to headquarters and the general has sent out three companies of cavalry to endeavor to find them. It will be some time before the country is free of these bands of outlaws who, having no means of support, will prey upon the weakest of the community. . . . The interior of the state of Mississippi is very much impoverished. I lived on corn bread and 'middling,' and on the route did not once see butter, milk or fresh meat."

In Mobile also Randolph found no banking houses, the place on May 15th still being "thronged with rebels in

uniform, pistols at their sides, who comported themselves as if they owned the place. I really hope we will still have a large force to garrison all these recaptured towns. I have viewed them with a jealous eye perhaps, but several times I know that men (paroled rebs) who were the most blatant about contrition, etc., when intoxicated evinced the most vindictive nature. 'In vino veritas.' The strong arm of the law alone keeps them in position. Passing down Water Street Saturday, for instance, I noticed a splendid eagle grasping a hemisphere which had formerly stood upright with outstretched wings, but now was heels upward. I called to see the proprietor of the store who detecting my gray suit fancied he was communing with a kindred spirit and informed me with the greatest gusto that it fell the very day of the battle of Bull Run and that he had never moved it. Feeling that it was intended as a direct insult to the government, I mentioned the circumstance to Captain Melville of General Canby's staff and to-day the bird of Jove occupies his former position."

In Montgomery, Ala., Randolph found everything "in most chaotic confusion. No post-office, no bank and very little business. . . . I called to see Mr. Norris, president of the bank that once was. I mentioned among other matters the national banking system which seemed to be viewed favorably, but he was much exercised by the ten per cent. tax on local bank circulation, as their circulation with others had been retired by the holders when Confederate currency commenced to depreciate so much. These banks must necessarily go into liquidation, as I ventured to tell him. I find the notes of Georgia banks, especially, selling at ten to fifteen cents

which must certainly be below their value. Inasmuch as the deposits have been made in Confederate currency they are null and void, intrinsically, and many of these institutions must have large assets, besides debts due them for which they will press payment in what are now legal tenders. . . . The only contemptible specimens I meet here are the Yankees who took part in the rebellion.”

In New Orleans Mr. Randolph visited the First National Bank where he reported that he had found the loan in unfriendly hands. On May 29th, Mr. Cooke wrote the following letter to the cashier reproving him for his course:

Dear Sir—I am informed by Mr. Randolph, who is acting for me as special agent for the loan, that your bank refuses to receive subscriptions to the seven-thirties, and even refuses to hang up the cards. As you are a depository, and therefore act in an official capacity for the government, I cannot understand on what ground you base your refusal to take part in the distribution of national loans. You should be the first and most energetic in this duty, and if you fail to discharge your trust I must inform the Treasury Department and another institution will be started which will look after the public interest. I cannot believe that you will take any such course as your present action seems to indicate. I saw your president when here and understood from him that your bank would do all it could for the loan.

The president of the bank, A. C. Graham, who had in the meantime returned from his trip to the North responded by denying the charge and accusing Randolph of having come to him with a draft which was cashed, then being allowed to go to protest. The dishonored paper was now forwarded to Jay Cooke. Mr. Randolph

did not wait for the financier's demand for an explanation of such proceedings, but immediately upon learning of the protest, the news of which he said was not immediately communicated to him, forwarded \$601.50 to Philadelphia to protect the account. The draft had been taken to the bank to accommodate George K. Cooke whom he had met in New Orleans and to whom he was drawn because of the name, as he rather artfully explained. After the protest Randolph collected the amount from George Cooke who was a "responsible" person and the incident was closed except for a lingering bitterness between the travelling and resident loan agents in New Orleans into whose relations we need to make no further research.

On April 6th the South Carolina Freedmen's Savings Bank, lately established in Beaufort, asked for an agency for the sale of seven-thirties. To assure Mr. Cooke of the safety of the enterprise the cashier wrote:

We have one of Herring's largest size bank safes, weighing 6800 pounds, some six feet and a half high, double doors, etc., and during the night a sentry is posted at the bank building. The occupation of the interior line of country by our forces renders Beaufort perfectly secure against attack. Moreover, our building is within one hundred yards of the provost guard and is convenient to the steamers, if a removal could by any possibility become necessary.

On May 2nd, Thomas Branch and Sons wrote Mr. Cooke from Petersburg, Va., offering to take seven-thirty subscriptions and suggesting the establishment of a national bank. They urged him because of the poverty of the country to help them make up its capital which was fixed at \$100,000, an invitation he was obliged

uniformly to decline in his work of extending the national banking system. Three members of the firm, it was said, were "paroled prisoners under the Grant-Lee surrender."

"We join you in the hope that the peace may be a lasting one," said they in a second letter in reply to Mr. Cooke's felicitations. "The writer served four years in a cause that he believed a just one. Providence has decreed that it should fail. He has sworn to support the Constitution and laws of the United States and will keep the oath."

The agents who toured the then greatly excited oil regions of Pennsylvania where it was thought that much new-made money might be gathered up for the government were subjected to many hardships. One complained that for lack of hotel accommodations he must sleep for two successive nights sitting up in a chair. On March 1st more than one thousand men could not secure lodgings in Corry, Pa. The people had "oil on the brain." The railroads could not carry all the passengers who came to their stations. "I left Oil City this morning at seven o'clock," said Alexander Robb writing from Titusville, Pa., on March 4, 1865, "in an open no-spring wagon and partly rode and partly walked here. The streams are much swollen and the mud bottomless. The travelling is awful but I am now through the worst of it. Last night I lay for shelter on a trunk. The people through this country can't talk connectedly about anything but oil. They tackle me with oil-talk and I give them seven-thirty, but they can't understand it. The bankers are all the same. No matter what you say to them it winds around to oil." Every day some

one whom he did not know came up to Robb and addressed him as "the seven-thirty man."

The devices used by the agents for distributing information among the people, even in the most out-of-the-way hamlets and in mechanics' cots and farmhouses, were as various as man's ingenuity could suggest. Paul Jagode of the Philadelphia German *Freie Presse* was specially commissioned to visit the editors of German newspapers in the West and to arrange for the distribution of German circulars. Many travelling agents made contracts with the editors and publishers of local papers for folding "Questions and Answers" and other Jay Cooke circulars, explaining and recommending the loan in each copy of an edition of their journals. These were sent out in due course of delivery to all the subscribers. In many towns the agents employed boys to distribute the circulars in shops, at house doors and to those who passed in the streets. Nearly all, while travelling, scattered printed matter among their fellow-passengers upon railway cars, street cars, stage coaches and steamboats. Some suspended packets of circulars from strings at the end of the cars for passengers to tear down, read and carry home with them. John D. Stockton employed the news-agents in the trains to distribute "Jay Cooke's tracts," as they were popularly called, and hotels and stores were freely used as depositories from which the public was duly supplied with printed information regarding the bonds. Large cards were placed in banks while the "spread-eagle" posters screamed the loan from sign boards and the walls of railway stations and country stores.

John Russell Young's office in New York also at-

tended to the posting of Wilkeson's great bills. We have "covered the walls of New York with the 7-30 eagles," wrote Mr. Young on July 19th. Ten thousand were posted in the city and its suburbs. Zug left packages as he travelled by stage line with country school teachers to be distributed to the scholars who were charged to carry them home to their parents. The stage stopped long enough for him to hang the posters at each blacksmith shop, and at the cross roads wherever there was "a tree large enough to hold one." Storms who had four or five agents under him in Ohio sang the songs printed on the backs of the circulars in soldiers' camps. He thought that he and his men had distributed two tons of printed documents in the state of Ohio on account of the Third Series of seven-thirties.

Jay Cooke had taken measures to utilize the postmasters through the Postmaster-General. The following order was issued, printed and sent out generally:

POST OFFICE DEPARTMENT,
WASHINGTON, March 29, 1865.

Sir:—Herewith you will receive copies of hand-bills, giving information about the seven-thirty loan.

I desire you to post one conspicuously in your office and request you to have the remainder posted in the most public places in your vicinity; the object being to bring the knowledge of the loan to the largest number of people accessible in this way.

Yours, etc.,

ALEX W. RANDALL,
Acting Postmaster-General.

Mr. Cooke, through the travelling agents, sought to enlist the services of the postmasters in other ways. They were supplied with circulars for distribution to the country people when they came to the offices for

their mail and in Chicago, through an arrangement made by Edward Sacket, an assiduous Western agent, pamphlets were placed in the 4,000 letter boxes in the post-office in that city so that each holder would receive a copy. Teamsters who were returning home from county-towns were given packages of documents, being requested to scatter them by the way at houses, stores and shops into which knowledge of Jay Cooke and the seven-thirty loan may not yet have penetrated, and sometimes the toll-gate keepers were employed to place the circulars in passing wagons. In many counties a fee was paid the auditors for copying the lists of taxpayers, who were then circularized. The large Sanitary Fairs which were held in so many Northern cities afforded very desirable opportunities for the distribution of documents, as at Chicago in May when "everybody" was in the city; and in Milwaukee soon afterward the Wisconsin people were sent home with their pockets full of "tracts." Even the funeral of President Lincoln when the *cortège* reached Indianapolis was not allowed to pass unprofitably by J. W. McMillen, the principal agent in that district, for it was an occasion, he wrote Mr. Cooke, calling together "a multitude of the best kind of people from all parts of the state." The distribution of circulars, Mr. McMillen argued, was better than an advertisement in a newspaper for it cost ten cents while Jay Cooke's reading matter was as free as the air. Nevertheless they were so much prized on the funeral day in Indianapolis, Alexander Robb, another agent, wrote Jay Cooke¹ that they were dealt in as mementoes. A boy who was hired to distribute "7-30 Facts and Figures"

¹ May 5, 1865.

sold his lot of about one hundred for twenty cents, and the enterprising purchaser was re-selling them at five cents each, when he was detected and compelled to suspend the profitable operation.

Mr. Cooke's agents repeatedly told him that his documents were read and treasured by the people and in truth they seem to have been. Robb wrote that with some whom he met on his travels the effect was "instantaneous" for he had actually been requested "to go along with them to the bank."

"You would be surprised," wrote Mr. Zug from Vermont, Ill. on April 18, 1865, "to see many of the men of this state who are investing in the 7-30s. Farmers who live in a little cabin, wear their home-spun clothes and ride to church and town in their two-horse wagons without springs have in many instances several thousand dollars loaned to the government. They are now selling their stock (almost every farmer has a small drove of cattle, sheep or hogs) and as the tax collector is to visit them next month many can be induced to invest."

Mr. De Coursey another agent who went about, as he said graphically, with a bundle of 7-30 circulars sticking out of each boot, in his mouth, and in both hands and every pocket found the public very grateful. Unlike most circulars those that he distributed were carefully perused and later "found a resting place in numerous coat or petticoat pockets to be perhaps the subject of much after thought and the foundation of many a profitable investment." At Lancaster, Pa., "a vegetable-headed individual" with "a carrot nose" refused to receive a circular which De Coursey handed him. Asked his reason the man remarked with an attempt at sar-

casm, "because I'm a d——d Copperhead," whereupon a soldier who was standing by and overheard the speech struck out with his fist and a spirited encounter was still in progress when the conductor shouted "all aboard," and Mr. Cooke's agent was whisked away to another town.

"Everywhere," this agent said in concluding his report to Mr. Cooke, "I found the same desire for seven-thirties. People of both sexes, of every age, class and description, and of all colors wishing to secure a first mortgage on the property of the United States."

An agent named Souther who was travelling for the loan in Iowa complained that there were no stage lines to many points which he desired to reach. He asked for authority to buy a buggy and a pair of horses. Wilkeson said he knew the country and advised it, whereupon Jay Cooke endorsed the application: "All right, go it." In the appointment of local sales' agents his various travelling commissioners were often compelled to choose storekeepers, druggists, real estate dealers, editors—even clergymen in neighborhoods in which there were no banks, or the bankers perchance were unfriendly.

Mr. Cooke particularly requested his agents, as they passed along to note the condition of the crops and report to him, concerning the resources of each community, as well as in regard to public sentiment existing there on the subject of the war and its financial management. Thus, while they were not always very learned or even grammatical men he came into possession of much useful and interesting knowledge. J. H. Pittinger wrote from Greenfield, Ohio, on July 10th: "Every community appears to be anxious to have regiments in which it is interested mustered out and there will be great dissat-

isfaction if they are kept in the service much longer. The people are generally satisfied with the action of the government in the trial of Payne, Harrold, Mrs. Surratt and others. The soldiers express great fear that Jeff Davis will not be executed; they will not be satisfied unless he suffers the death penalty."

A brief history of the work of one of Mr. Cooke's travelling agents, Isaac H. Steever, is found in his final report dated July 31, 1865:

I have the honor of submitting the following brief report of services rendered while acting as agent of the well known and most popular of the various government loans, the seven-thirty. I left the city of Brotherly Love on the 8th of February, having had assigned to me the western and southwestern sections of the then not too loyal state of New Jersey. I visited the cities and towns of Burlington, Camden, Cumberland, Gloucester, Hudson, Hunterdon, Mercer, Monmouth, Salem and Union counties, calling on the banks, bankers, insurance agents and postmasters of each place and explaining the various features and advantages of the loan.

I took great care to have the "Questions and Answers" thoroughly distributed in every train of cars upon which I was a passenger, and on more than one occasion did I hear the remark that Jay Cooke was "most indefatigable in his efforts to place the government loans, and would not leave a stone unturned to accomplish the object." It was a noticeable fact that with but one or two exceptions the circular was carefully folded and found its way into the coat pocket of the reader, if of the sterner sex, and a place was made for it, if the gentler sex received it, in the usual accompanying lunch basket.

In order to increase the orders for the seven-thirty notes I would advise the cashiers to lend money to their "safe" customers who would invest in government securities until the general settlement day. In many cases this was done. That I might economize time I would not wait for banking hours, but

would after supper engage the services of a guide, generally one posted about all people and their business, and he would pilot me to the residences of the cashiers, where I could transact my business more socially than if liable to interruptions at the bank. Then I would call upon the editors of the newspapers, soliciting their aid and influence in making the loan more popular and more thoroughly known. This would enable me to take the early morning train and visit as many as four or five towns during the day.

When the railroad would pass through or near post towns not of sufficient size to support a banking house, to visit which would have consumed too much time, I made a personal appeal to the postmaster of the town, generally couched in these words :

Postmaster at

Sir:— Accompanying this you will please find seventy-five (75) explanatory circulars relating to the seven-thirty United States Loan which you will please distribute by handing a copy to each proper person who may inquire for mail matter at your office. By so doing you will be aiding our country's righteous cause, at this time particularly in need of the active exertions of her true sons. Trusting a most favorable account will be recorded against your immediate vicinity, I beg leave to subscribe myself,

Yours most respectfully,

ISAAC H. STEEVER,

Travelling Agent for Jay Cooke.

As opportunity offered I would inquire whether postmasters acceded to the request, and without an exception I found the circulars were so distributed.

I reported in Philadelphia on the 25th of February, terminating my route through New Jersey. Then the line of the Pennsylvania Central Railroad and its vicinity as far west as Altoona was given me. Many of the cashiers were not posted and seemed pleased to have the opportunity of obtaining information. The telegraphic Seven-Thirty Key was a source of pleasure to them, as it made them think that they were in the confidence of Jay Cooke. The key was carefully guarded from all eyes but those of the president and cashier. In Pennsylvania 110,000 "Question and Answer" circulars were distributed in the counties of Blair, Centre, Chester, Clearfield, Dauphin, Huntingdon, Juniata, Lancaster and Luzerne.

During my journeyings through Pennsylvania, which terminated about the 29th of March, frequent inquiries were made me: "How much does Jay Cooke make on this loan?" and when I assured inquirers that his commission was not as large as their own, but yet would count up nicely in the end, they were satisfied and would say he deserved all he made.

Many inquiries were made as to Jay Cooke's appearance and habits. I invited them to call at No. 114 South Third Street to see the individual, and when I stated that Mr. Cooke's business was in such a condition that he could leave his office for a fortnight, it seemed to them incredible.

During the latter part of the month of May I was stationed in New York city with Mr. J. R. Young and Mr. J. W. Schuckers as special agents of Mr. Jay Cooke, our object there being to assist in establishing night offices for the sale of the seven-thirties. In this we were eminently successful. While on this mission at the instance of Mr. Young I visited the towns on the New York and New Haven Railroad as far as Stamford, and on the line of the Hudson River Railroad as far as Poughkeepsie. On these last trips I called on clergymen and besought their influence with the poorer classes in their congregations with much benefit to the ever to be remembered seven-thirty loan.

The travelling agents were compensated at various rates. Many were engaged by Jay Cooke directly, while some were employed by the travelling agents themselves to serve them as deputies. The leading sub-agents in New York, Chicago and other cities and the national banks who were made allowances for this use also had their missionaries, and the loyal parts of the Union were scoured for money very thoroughly. The most usual terms were \$10 a day out of which the agent paid his own hotel and travelling expenses. But these were so "alarming," as one man wrote, that in his instance at least the allowance was increased to \$15 a day.

On May 30th McMillen said that he and his men in Indiana had gone over their various routes three times and on June 22d Fahnstock wrote to Jay Cooke recommending a rapid reduction of the force: "As we are now about entering upon the $\frac{1}{2}$ per cent. arrangement and are henceforth (in this loan) to work for buncombe I think it is very desirable to cut off all superfluous expenses, and in that view recommend that our numerous travelling agents be reduced as rapidly as possible, retaining only those who are really needed. Most of them and especially those in the West have been over and over their ground. Storms [in Ohio] recommends that his several deputies be dropped and others farther west have been crossing each other's tracks several times recently. Whatever is done in this way now we pay for, so let us cut it down to a peace footing."

There was in truth but one more task for the travelling agent and that was performed chiefly through the efforts of a new commissioner specially appointed for the work. For a long time Mr. Cooke had bent his efforts toward securing the money paid to the troops, but it was not until he was well forward with the Third Series that steps were taken to capture these funds in large amounts. In Kentucky, in May, the paymasters were furnished with small bonds which were given to the soldiers, who preferred this form of payment. The amount due the Fifth Kentucky Cavalry when it was mustered out was about \$90,000, one-third of which was taken in seven-thirties.¹ So new was the idea at this time that Jay Cooke wrote upon the back of the letter: "Have any 7-30s been sent to the Louisville

¹ E. S. Rowand, a travelling agent, to J. C., May 15, 1865.

paymaster? If this branch of the work was attended to we could save a big lot of commissions and do the soldiers good. Please see to it. J. C."

J. W. McMillen wrote from Indianapolis on May 30th that some two millions of dollars would be paid out to soldiers in that city during the two weeks ensuing, and the bankers there were urged liberally to supply themselves with small notes in the hope of inducing subscriptions.

On June 10th Jay Cooke sent a special circular to all his agents:

(ARMY PAYMENTS.)

OFFICE OF JAY COOKE, SUBSCRIPTION AGENT,
No. 114 South Third Street,
PHILADELPHIA, June 10, 1865.

The Secretary of War has announced the following State Rendezvous at which troops, now being mustered out of service, will be paid off:

Maine.—Augusta, Portland and Bangor.

New Hampshire.—Concord and Manchester.

Vermont.—Montpelier, Brattleboro and Burlington.

Massachusetts.—Boston (Readville and Gallupe's Island).

Rhode Island.—Providence.

Connecticut.—Hartford and New Haven.

New York.—New York City (Hart's Island), Albany, Elmira, Buffalo, Rochester, Syracuse, Sackett's Harbor, Plattsburg and Ogdensburg.

New Jersey.—Trenton.

Pennsylvania.—Philadelphia, Harrisburg and Pittsburg.

Delaware.—Wilmington.

Maryland.—Baltimore and Frederick.

West Virginia.—Wheeling.

Ohio.—Cincinnati (Camp Dennison), Cleveland (Camp Cleveland), Columbus (Camp Chase and Tod Barracks).

Indiana.—Indianapolis.

Illinois.— Springfield and Chicago.

Michigan.— Detroit and Jackson.

Wisconsin.— Madison and Milwaukee.

Minnesota.— Fort Snelling.

Iowa.— Davenport and Clinton.

Kansas.— Lawrence and Leavenworth.

Missouri.— St. Louis (Benton Barracks).

Kentucky.— Louisville, Lexington and Covington.

With the double object of placing the government loan and of providing for the soldiers a safe investment for their hard-earned savings, I would urge upon all seven-thirty agents to make arrangements to furnish to these troops such amounts of the notes as they shall desire to take, providing in advance for this purpose a full supply of the small denominations,— chiefly fifties and hundreds.

I would suggest that upon the arrival of the men each regiment be thoroughly canvassed by competent persons under your direction who will set forth the advantages of this investment, distribute circulars and handbills among them and at the time of their payment SELL THE NOTES TO THEM UPON THE GROUND.

To facilitate these sales the Department has prepared a large amount of the small denominations which will be furnished WITHOUT ANY DELAY to agents subscribing.

You can probably devise no better circulars than the "Questions and Answers" with some suitable introductory words and your advertisement.

Very many paymasters will be found patriotically willing to aid the agents in this good work on pay day. I would advise a conference with them before their payments commence.

JAY COOKE,

General Subscription Agent of the Government Loans.

At about the same time Mr. Cooke offered to William Wallace White of Burlington, Iowa, commended to him by the Clarks, a special travelling agency for the care of the sale of the loan among the mustered-out soldiers, guaranteeing him \$200 a month for two months and his

expenses. On June 10th Mr. White wrote to E. W. Clark, explaining his plans:

Mr. Cooke's local agents, at points where the men are paid off, should detail a proper person to be present at the payment — to have his table in the same room with the paymaster (without interfering), fully prepared to exchange with the soldier the moment he is paid; otherwise the amount disposed of will be comparatively small. To illustrate: The Illinois troops are to be paid at Springfield and Chicago, or more properly at the camps adjoining those cities. Camp Butler is six miles from Springfield. A soldier therefore when paid would not be as likely to go to town for 7-30s as he would be to take them on the spot, more especially as two-thirds of them would not pass that way en route home, but take the cars at the camp gate to go north, east and south, those going west passing through town. Those paid off at Camp Douglas would, if anything, be less likely to go into a city like Chicago and hunt up an agent or seller of bonds. My experience with soldiers is that a majority require to be approached immediately on payment, when their first impulse is to pay their debts and save what they can. But if they go by that period they get to indulging in excesses and the inclination to save speedily passes away.

At Springfield, Ill., Mr. White not only scattered circulars among the soldiers, but he often persuaded their commanders to address them, urging them to invest in the notes. He found the paymasters everywhere very favorable to the loan and he invigorated the bankers, many of whom, before he came, thought that they could sell bonds only to those who stepped up to their counters, so that they were soon distributing hand-bills, detailing men to attend at the rendezvous with a plentiful supply of notes and interviewing the officers of disbanding regiments. The First National Bank of Davenport "placed as high as \$15,000 a day with mustered-out men."¹

¹ White to J. C., June 29.

These efforts contributed materially to explain the marked increase in the daily aggregate sales through Jay Cooke's agency, and with other influences led to the successful closing of the great and popular seven-thirty loan.

John Russell Young's office in Broadway, New York, occupied its last days with the work of making known to the returning soldiers the advantages of the loan. A permit was obtained from General Dix, who cordially approved the undertaking, and an office was opened in Bleeker Street just opposite the Pay Department. It was in charge of Mr. Young's brother, James R. Young, in later years a member of Congress from a Philadelphia district. He was assisted by a night clerk named Parsons. Neither had any money, but a little was loaned them by John Russell Young, and they obtained a credit with Fisk and Hatch and Stedman and Company. The soldiers were paid off in checks, which were generally bought up by claim agents at a discount. "Jim" Young was directed to cash all checks at their face value and if possible pay a part of the sum in bonds. A deputy was sent to Hart's Island to sit beside the paymaster while the men received their checks at that place. In a single regiment, the 133d New York, \$27,000 of bonds were sold by a sub-agency. "In many cases privates put nearly all their pay into the notes."¹

On July 13th Mr. Schuckers wrote Mr. Cooke: "The Bleeker Street soldiers' agency sells an average of about \$20,000 a day, principally in 50s and 100s. Some of the soldiers take as high as five or six hundred each, and in two or three instances as high as one thousand

¹ John R. Young to J. C., June 22.

each." In five weeks nearly \$500,000 of seven-thirties were sold to the soldiers through this little office.

California and indeed the whole country west of the Rocky mountains was almost a foreign land. It was considerably more inaccessible than Canada, Mexico or the countries of Western Europe. Jay Cooke had no intention of leaving any part of his domain untilled. The 5-20 loan had been taken without California's aid, but the "Agent" was determined to make the people who fringed the Pacific coast do their part toward the support of the war in the seven-thirty distribution. His brother Pitt was in ill health and it was thought that he might be benefited by the journey, while doing the government a valuable service in increasing the sale of the notes. On March 9th Jay Cooke completed arrangements with Wells, Fargo and Company, who were well organized on the Pacific coast, for a chain of about 300 agencies in California, Oregon, Nevada and Washington Territory. Bonds for California and Nevada were to be delivered to the Sub-Treasurer in San Francisco; for Oregon and Washington Territory to the collector, or other designated officer of the United States at Portland. The commission was fixed at $\frac{5}{8}$ of one per cent., which entirely deprived Mr. Cooke of a profit on the California business, if it did not mean that all bonds distributed in that field would be sold at a positive loss to him.

The Pacific coast was still using a gold currency. The greenback was not worth more in California than in England or Germany, for which reason Wells, Fargo and Company were not sanguine of placing large amounts of bonds bearing interest in paper money. Mr.

Cooke had higher hopes and he meant, if he could, to carry the national banking scheme and the greenback into the gold country. Pitt Cooke set out from New York early in April and with him went some members of his family, and Judge E. B. Sadler of Sandusky, O. They sailed on the *Ariel* for Panama in company with Judge Field of the Supreme Court and several distinguished politicians and business men of California. Field, who had talked with Mr. Chase on the subject, was hopeful that Pitt Cooke would be influential during his visit in starting the First National Bank of San Francisco. The party received the news of the surrender of Lee and the assassination of Lincoln at the same time upon steaming into the Bay of San Diego. On April 27th they reached San Francisco and Pitt Cooke and Judge Sadler were soon quartered at the Lick House. They learned that Wells, Fargo and Company regarded themselves as the sole agents for the sale of the loan on the Pacific slope; that the Bank of California, the leading institution on the coast, of which D. O. Mills was the president, was strongly committed to the gold standard being unwilling to organize under the national system and make itself an instrument to introduce a mixed currency; that no bonds were in hand for sale and that the Californians would not buy freely and await slow deliveries; that the people were on very unfriendly terms with the Assistant Treasurer in San Francisco, a man named Cheesman. He had "captious and frivolous notions and pretexts," said the cashier of the Bank of California, while he took "special pleasure in obstructing the course of business." "We know of no public officer here," the cashier continued, "so universally disliked or

so deservedly unpopular." Only some of these obstacles could be overcome, as for instance by supplying the agents with a ready supply of bonds. Four millions were sent out from Washington and arrived at the Sub-Treasury in San Francisco on May 24th.

There was begun in the newspapers the same campaign which was so successfully waged in the East. None, however small, went without its advertisements, which were dispensed by Pettengill and Company of New York.¹ Pitt Cooke and his men visited the offices of all the large newspapers and advertisements and circulars in English, French and Spanish made the loan widely known. He was soon able to write that "everybody knows we are here for Jay Cooke and that Jay Cooke wants California to do her duty."² "Allow me to say," said Judge Sadler after a few weeks in San Francisco, "that the name of Jay Cooke is as familiar here and almost as well known as that of Abraham Lincoln, our lamented President. It is ever a passport to favor. And it is with feelings of pleasure that the people who only know your public character learn that your private worth and virtues exceed your public merits."

"There is no state in the Union more universally and intensely loyal than California," said Sadler in another communication. "There is no state where the loan is looked upon with more favor. No one opposes it or in any way discourages it. All have confidence and have had. The death of Lincoln created universal weeping and mourning and the capture of Jeff Davis fills every heart with rejoicing. If the Californians had the dis-

¹ In September, 1865, they presented a bill for \$6,237 in gold, covering 130 papers in California.

² May 12.

position of him they would hang him as high as Haman, and if anyone sympathized with him enough to object to it they would hang him also. Death or imprisonment followed everyone who expressed satisfaction at President Lincoln's death. . . . There is no spot where treason is more odious than here. The people think San Francisco is altogether too good a place for traitors."

Although the "whole country was flooded with circulars, hand-bills and posters," the mission was a pretty complete failure in the sale of bonds, the establishment of national banks and the extension of the realm of the greenback. In a long letter to Pitt Cooke and Judge Sadler written on July 1st on the eve of their departure, wishing them a pleasant journey to their homes, W. C. Ralston, the cashier of the Bank of California, said:

Referring to our recent conversations in regard to the establishment of a national bank in this city, at your suggestion, we beg to say, and you will please so assure the Hon. Secretary of the Treasury that we are entirely favorable to such a proposition and will co-operate most cheerfully and heartily, so soon as it can be carried into effect, without serious detriment to the interests of our people. . . . We have not forgotten that the business of a country rests upon an unsound basis, or rather is without a proper basis, as long as the government and the banks are not meeting their obligations in coin. Therefore in the face of great efforts and influences from without, seconded to some extent by misguided politicians at home, the people of this coast have maintained a specie basis and their regular business pursuits and merchandise values have been characterized by great soundness and stability. This has not been accomplished, however, without subjecting them to misrepresentation and reproach. Though sustaining the government of the country with the utmost cordiality and receiving its issues in ex-

change for both merchandise and gold at rates above the current ruling of eastern markets certain parties have affected to regard the business men of San Francisco as unfriendly and disloyal. We shall attempt no refutation of so absurd a charge. Fortunately for this coast none of those scenes of rebellion, blood and strife with which our Atlantic brethren have been disturbed and unsettled in all their great fiscal and commercial interests have occurred within our bounds. The few restless spirits among us have been overawed by the loyalty of the masses and the presence of a very moderate military force. Our great distance from the theatre of war had rendered unnecessary the disbursement here of those large sums in government paper which have so completely overborne and displaced the normal currency of the Atlantic states. Our metallic medium being amply sufficient for all the transactions incident to our commerce, the comparatively moderate issues which government has had occasion to make among us falling naturally into the current of exchange, have passed away for the most part to liquidate our indebtedness on the other side of the continent. . . . But rest assured, dear sirs, that had the business men of this city believed for a moment that the great end and objects of our noble government would have been better subserved by the repudiation of their gold and the adoption of a paper currency, they would have voluntarily yielded with at least as good a grace as their Atlantic brethren, upon whom the alternative was forced by the inevitable course of events.

But the war is now over and it is the avowed intention of government to retrench its issues and return as speedily as possible to specie payments. Maintaining therefore our present medium we find ourselves already in the very position towards which government is aiming, and if its expectations are well founded but a brief delay will intervene before we shall all stand upon the same solid platform. When that period comes round the establishment of a national bank in this city will be easily accomplished, and it will afford us very great pleasure to lend an efficient helping hand. The thing can be done in a single day. . . . But should we adopt your paper money

upon its present basis, excluding from circulation our metallic currency, the laws of trade would soon leave us without any currency at all. Three or four millions of national bank notes would disappear with incredible rapidity and commercial interests would soon be brought to a deadlock. We must hold on to our gold currency — keep that, supplement it, if you please, by bank notes redeemable in coin but not displace it. The policy would be suicidal. We have a gold coin currency of not less than \$35,000,000. Can you make three, or five, or ten millions of paper take the place of it and drive it from circulation with any reasonable expectation of benefiting our commercial and fiscal interests? Of making money more plentiful and trade more prosperous? It is unnecessary to pursue the argument. And it is idle to tell us that these things will all regulate themselves; that money will come in as well as go out. Neither a paper money nor any other money will float against the tide of exchange that sets strongly away from us. As soon might we expect water to run up hill.

Two pamphlets were issued by the Loan Office in the summer of 1865, "How the National Debt Can Be Paid — The Wealth Resources and Power of the People of the United States," prepared by Dr. William Elder, then the statistician of the Treasury Department, and "How Our National Debt May Be a National Blessing," by Samuel Wilkeson. Both bore the legend "Issued by Jay Cooke, General Subscription Agent of the Government Loans," and as they were quite naturally supposed to present his views on the subject of the national debt he, as well as the writers, was held answerable for the doctrines promulgated in them. Dr. Elder's pamphlet began as follows:

"If the war for the re-establishment of the Union is not absolutely ended the issue of the great struggle now is neither doubtful nor distant. We are quite near

enough to the end of the conflict to take account of stock, look over our resources, estimate the amount of our liabilities and arrange the means and terms of liquidation."

It was stated that the public debt, which had reached an aggregate of \$2,366,955,077 on March 31, 1865, might be three billions at the end of the war. At this seemingly large figure it would still be but three-fourths the size of the British debt. The national condition was contrasted with that of several foreign countries, and with the state of affairs in the United States at the end of its earlier wars. The annual tax in interest was computed and conveniently presented, with an account of the reunited nation's prospective resources. Dr. Elder dwelt upon its mineral riches, including the wealth hidden in the earth in the form of petroleum, and assuming that the "insurrectionary states" would be fairly well restored to their affiliations in 1870, he computed that the whole debt could be cleared away in twenty years, or in 1890. He concluded as follows: "The faith of the nation is pledged for the discharge of all its obligations; its people have passed through a wonderful experience of their financial ability from hope to confidence, and the cautious moderation of our calculations shows that early and easily OUR NATIONAL DEBT CAN BE PAID."

The pamphlet was published in May. It was meant to be an effectual response to those who loudly prophesied and preached a repudiation by the United States of its debt, which they said was too monstrous ever to be paid. It was widely copied in the newspapers in this country. Wilkeson "purred around Greeley" and had it inserted bodily in the *Weekly Tribune*. The State Department called for a large edition to be sent abroad for

the perusal of the government's foreign creditors. In June it was translated into French and German through the efforts of George Walker and some European agents of the Treasury Department, acting under the advice of Minister John Bigelow in Paris and Minister Judd at Berlin, Jay Cooke having authorized the work to proceed at a cost not to exceed \$2,500.

The Elder pamphlet being largely a presentation of facts concerning the resources of the government by a trained statistician, officially connected with the Treasury Department, aroused comparatively little criticism. There were, however, some belated attacks upon the article in July after the outbreak over the Wilkeson pamphlet drew attention to the political economy of the Loan Office. One Western journal said that Dr. Elder's title should be amended to read "How the National Debt Cannot Be Paid," and another remarked that its publication was "an insult to the intelligence of the American people." "If we are to judge of the condition of affairs of the national Treasury by these emanations, coming as they do from men connected with that Department," continued this acrid writer, "it is high time the American people were turning their attention specially in that direction, and insisting that the places occupied by these men should be filled by others who, though wanting in capacity and integrity, shall at least have the modesty not to insult a people groaning under oppressive taxes with their bombastic sophisms."

Mr. Cooke was now ready to go somewhat farther. The task of putting his views into proper form for publication fell to Sam Wilkeson. However great his value in other lines Mr. Wilkeson clearly lacked a knowledge

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of political economy and produced an article which opened the way for the Copperheads—now that the advertisements were nearly all dispensed—to return to their favorite pastime of ridiculing and abusing the financial administration of the government. Wilkeson in his essay went a little beyond Mr. Cooke and the latter immediately, as in later years, disclaimed responsibility for the most extreme views of his writer, although he would defend it vigorously when any imputation of this kind was made by an outsider.¹ It was his disposition to support an employee through thick and thin.

The first title selected for the article was "Our National Debt a National Blessing," which at once challenged unfavorable criticism. The proof was sent to the *New York Times*, *Tribune*, *Herald*, *World*, *Evening Post* and *Commercial Advertiser* and to various Philadelphia, Chicago, Cincinnati, Washington and St. Louis papers. "Listen for thunder Friday morning," wrote Wilkeson, prophetically, on June 14th to Jay Cooke, who had gone to Gibraltar, the island he had recently purchased in Lake Erie, on his spring fishing trip. The *Tribune* received the article and printed it free of cost or for a few boxes of wine sent to "Sydney H. Gay, Staten Island Express, Pier No. 19, N. Y.," subsequently suggested by Wilkeson; but the *Times* asked \$700 for the publication, the *World* \$400 and the *Herald*, "saucy,

¹ On July 22, 1865, Jay Cooke wrote his brother Henry: "I understand from Wilkeson that Whitelaw Reid, who was here yesterday made several assertions; one was that the pamphlet was a great blunder, another that he did not think it contained my real views, another that he knew you did not own it and were opposed to it. I don't care, of course, what Reid himself thinks, but I do care for his assertion that I would publish anything I did not believe and was not able to prove, and you may tell him so."

rich and wicked," agreed to take it only at advertising rates for its advertising columns at about \$1,300, raised by a later computation to \$3,000.¹

Contracts were made with the *World* and the *Times*, but "I can't make up my mind," wrote Wilkeson, "to waste your money on the *Herald*." This decision led to such an onslaught as Mr. Cooke had not suffered since the old 5-20 days. The "thunder" had indeed broken and the financier was now in the midst of a storm which for weeks raged furiously. Jay Cooke, Wilkeson and McCulloch, who was entirely guiltless and at once told Henry Cooke, that there was no blessing in any debt with which he was acquainted, and that it was an attempt "to make water run up hill," although he published no disavowal calculated to embarrass his agent or the great work still in hand of selling the last series of the seven-thirty notes, were attacked indiscriminately.² The pamphlet presented in a sensational and unscholarly way several important facts. It was honestly meant to counteract the influences openly arrayed in favor of repudiation, and to reconcile the people to their burdens. One who reviewed it dispassionately said:

¹ Wilkeson's letters to Jay Cooke. "Your editors here are mercenary. I have no faith in them. They seem to have an impression that Jay Cooke has made somewhere about three hundred millions out of the loans, and as Mr. Hudson politely expressed it—if he wanted such things in *his* paper he should send on some of the pile he has made."—John Russell Young to Wilkeson, June 16, 1865.

² "He [Secretary McCulloch] don't care what the *Herald* says, nor need you. As an old stager in editorial warfare, I have a tough hide and these attacks glance off as water from a duck's back. Glad to see you take it so coolly. Wilkeson was here Saturday and I had a good laugh at him. He bears it like a philosopher. I *do* think the article would have been better if it had been 'toned down' in some particulars as you suggest."—H. D. Cooke to J. C., June 19, 1865.

It is urged in the pamphlet, that the national debt will prove a benefit to the country on these grounds :

First.—It is almost entirely held by our own citizens and will prove a stronger bond of union between the different parts of the republic than any other, for it gives every section of the country and almost every citizen a direct pecuniary interest in the government. This will act as a centripetal force and will more than balance the centrifugal force of diverse and sectional interests.

Second.—The retention of our national debt is necessary as the basis of a national banking system. Nothing else than government bonds could form the basis of a banking system which is to apply to the whole country and whose promises to pay are to be unhesitatingly accepted from Maine to California. Increased population will necessitate the enlargement of the volume of this banking currency and will render government bonds as a basis of security even more necessary than now.

Third.—The debt furnishes the safest and surest investment possible for the earnings and savings of the people. It will save thousands of persons who have money but not financial judgment from being preyed upon by all sorts of scheming speculators, whose only purpose is to enrich themselves out of the savings of others. Every individual investment in the national debt represents money and can be most easily converted into money if desired ; and while it is held as an investment the interest can be collected without the assistance of hungry lawyers who delight in doubtful securities.

Fourth.—The debt will necessitate and encourage public economy, and one of the ruling questions between political parties will be as to who can administer public affairs with the greatest economy.

Fifth.—The annual payment of the interest upon the debt, while the principal is retained, will tend to equalize the burdens, for it is not fitting that this generation should incur all the sacrifices and expenditures of a war, made quite as much in the interest of posterity as ourselves. Moreover the bonds that represent the debt will descend from father to son and our wealth will be their wealth.¹

¹ *Springfield Republican*, June 19, 1865.

The document closed as follows: "Let us accept the public debt as public wealth, as the bond of political and national union, as the safeguard of industry, as the basis of our banking, as our orphans' and widows' fund. The national debt rightly managed will be the national blessing."

Much of the adverse criticism was ascribed to the name, and Wilkeson at once took steps to change it. He suggested to Mr. Cooke by telegraph that it should be made "A National Debt Not an Unmixed Evil," and Mr. Cooke replying thought it might be changed perhaps to "The Bright Side of Our National Debt." With Fahnestock's aid the article was finally rechristened "How Our National Debt May Be a National Blessing," and thus the pamphlet was printed with this Wilkesonian sub-legend: "The debt is public wealth, political union, protection of industry, secure basis for national currency, the orphans' and widows' savings fund."

The time was ripe for another assault upon Mr. Cooke. His work was on the point of being successfully completed and he of course could not be dismissed without a castigation which is due to public servants in democracies—especially if they be their country's financiers—to make them realize that they are of the great people, from whose lap they sprang and whither they are about to return.

The *New York World* had become surprisingly friendly, but in some "correspondence from Washington" under date of May 16th there appeared in that paper an article making the grossest accusations against Secretary McCulloch and Mr. Cooke, it having been inserted, Mr. Cooke's hired friends in that office explained

afterward, without their knowledge or approval. This abusive writer said:

Now the Secretary of the Treasury is an amiable man, and a gentleman, but he comes from far away west — he is not used to handle such large amounts. No one is, and no wonder that any conscientious man should at times feel dismayed. Unfortunately he has taken into his confidence as an adviser a Philadelphia financier. Now, in our boyhood, there was once a handsome gentleman presiding at a fine place in all the placidity of financial greatness. Upon asking who he was, the reply was: "That is Nicholas Biddle, the great financier, and president of the Bank of the United States." "Well," said I, "I don't like his looks, and don't believe he is either a wise or an honest man; he looks to me like a humbug." The sequel proved my judgment, and ever since I have had little confidence in Philadelphia financiers, and believe with an English authority, that when you hear a man praised as a great financier, look out for a fool or a knave.

There are plenty of good men in New York, who have made finance a study, who have been accustomed to large transactions, who have made large fortunes by lives of sagacious industry, and have not humbugged government out of large commissions, or asked any monopoly of its money affairs.

The publication of this article prompted Mr. Cooke to write to the Secretary of the Treasury as follows:

May 18, 1865.

Dear Mr. McCulloch:

An individual named Homer of Boston called on me early this a. m., and introduced the subject of finance. I confess that after hearing his silly plans and suggestions I got a little out of patience and gave him courteously a "piece of my mind." I told him if parties like himself would remain at home and mind their own business, instead of marplotting and offering advice where it was not asked for, the country would be much the better off. I did not know till after he had left, which he took good care to do before the New York morning papers arrived, that he

had written the enclosed outrageous article for the *World*. I judge from it that he didn't get a much better reception from you than he did from me and I am certain, that if I had known of this article at the time, the impudent scamp would have regretted (somewhere in the region of the seat of justice) that he had bearded even a mild Quaker like me. This fellow had the impudence to tell me that he had studied finance before I was born. If you read his article observe how nonsensical it is from beginning to end. I have made a few notes on it.

However I am accustomed to such attacks (not generally, however, so impudent as this) and they don't disturb my equanimity in the least. I hope that you keep equally cool over them and do not think it wise to take notice of them.

I don't consider that I have any "patent right" to the Treasury Agency, and therefore if you feel at any moment that you are embarrassed by my continuance as agent, or that any of these distinguished patriots who are so freely giving you advice should be allowed to have a hand in the system of economy which they propose, and they will "work for nothing and find themselves," as they propose to do, let them try it. I am content to stand aside. My only regrets would be for my country and for you, and whilst willing to take these enormously responsible duties on my shoulders for a mere nothing, as compared with the usual compensation in other lands, I am not willing to occupy the position which is one of daily risk and care (such care and labor as none but those who witness it can appreciate) without a reasonable pecuniary reward for the total consecration of my own and the services of my partners and clerks around me to this great work. Nor do I think the American people expect this work done for nothing and if they do it is not reasonable or just.

The fact is that your financial success struck the final blow at rebellion. The Richmond papers put this matter clearly before the world and staked the Confederacy's death or life on the success or defeat of the finances of the United States last February and March. This is so.

I have not changed my mind as to the bad policy of making

any change whatever in the terms of the 7-30s or in the allowances but shall cheerfully work out your instructions — just as cheerfully as if my advice had been fully taken. I don't pretend to be as wise as this writer (this modern Homer) in the *World*. I am willing to feel that I don't know half as much as he does about finance.

With warmest regard and sympathy, your friend,

JAY COOKE.

But the leader in the attack upon Mr. Cooke inspired by Wilkeson's pamphlet was the New York *Herald*, which had been restive for some time and now heaped abuse upon the Loan Agent and the Treasury managers with an unsparing hand. It was assisted by the "Drexel-Ledger," "snapping and snipping," as Wilkeson said, the New York *Evening Post*, the Chicago *Tribune*, the Detroit *Free Press*, the Cincinnati *Enquirer* and other newspapers, a few of which seemed to act with more than the *Herald's* honesty, and the outpouring of ridicule was somewhat comparable to that which General Sherman had met a little earlier when he made his misstep in prescribing the terms of surrender to Joseph E. Johnston. The people were in an excited, testy state after five years of unparalleled anxiety, strain and sacrifice and, in momentary passion, they would condemn those whom they once had regarded, and would soon again come to regard, as their greatest benefactors.

The New York *Tribune* published Wilkeson's article on June 16th. The *Evening Post* began the attack in the evening, concluding a long leader with these remarks:

We counsel Mr. Jay Cooke in all good will, not to abandon his proper vocation of dealing in stocks and government securities, for the sake of giving lectures on political economy —

a subject which he does not understand. We do not say that he might not understand it if he had given it his attention, but that he has evidently never done, and knows no more of the matter than Red Jacket knew of Greek. We advise all who have any money to invest to take Mr. Jay Cooke's seven-thirty bonds, and eschew his political economy. His seven-thirties are first rate, his political economy is a tissue of mistakes.¹

The next day the *Herald* devoted a long editorial to the subject beginning:

Mr. Jay Cooke of Philadelphia, has employed some literary Bohemian to write, and has induced the *Tribune* Bohemians to publish a long article endeavoring to prove that the National Debt is a national blessing. To Mr. Cooke the debt may be a blessing, since it gives him a good income from percentages on the sale of United States bonds, and it is quite natural therefore that he should object to having it paid off by subscription.² The Bohemian who wrote the articles may also be in favor of debts, both personal and national, and doubtless if his tailor, landlady and washerwoman could be consulted, we would discover that like all other Bohemians, he had made a practical application of his peculiar financial views. . . . Everybody thought that Prudhomme said a pretty bold thing when he declared that 'property is robbery,' but Mr. Jay Cooke and his Bohemian throw Prudhomme into the shade by asserting that debt is wealth, debt is success, debt is better than industry, debt is preferable to frugality, debt is a great blessing. Evidently the memory of Ben Franklin has been lost in Philadelphia. We care no longer to thrive by industry; we are to thrive by running in debt. . . . The man who lived upon the interest of what he owed is no longer a mere figure of speech. He is adopted by Mr.

¹ June 16, 1865.

² The *Herald* advocated a chimerical scheme for paying off the debt by subscription. The whole amount was divided into 150,000 shares at \$20,000 each, and a few were taken by James Gordon Bennett, the Drexel interests in Philadelphia and others, when the idea was abandoned, even as an advertising device, which of course, was the original intention of the man who promoted it.

Jay Cooke and his example is earnestly recommended to Uncle Sam, etc., etc.

The same writer added:

Mr. Jay Cooke is a smart broker, but he knows nothing of the history and philosophy of finance. The national debt of England cost that country fifteen years of debate, three commercial revolutions, the failure of nine-tenths of the tradespeople, ten or twelve riots and an insurrection which the Duke of Wellington could scarcely quell before British statesmen could get back to those sound financial principles which Mr. Jay Cooke now ignores and ridicules and over the temporary suppression of which in this country Mr. Jay Cooke's Bohemian, like a burlesque financial Nero, makes merry and is glad.

The *Herald* daily continued its assaults upon Mr. Cooke and his "literary Bohemian, Mr. Sassafras Weaklyminded," until it wore the pamphlet threadbare and exhausted the stock of amusement it was supposed to contain for the readers of newspapers. Mr. Cooke was called "the tail of the Treasury Department," a "financial charlatan," "a perfect quack who sees nothing beyond his percentages upon the sales of government bonds and has no ideas above his business as a broker." "Unless Mr. Jay Cooke's charlatan theories are summarily and emphatically disavowed by the national authorities," said the *Herald* on June 23d, "the European market will be practically closed against our bonds. The most inveterate rebel, the most venomous Copperhead could not have inflicted so severe and cruel a blow upon our national credit. . . . Mr. Jay Cooke is a pretty specimen of the disciples of ex-Secretary Chase and he ought to have been removed with his master. . . . Mr. Jay Cooke has realized several millions of dollars by his patriotic agency; the national debt has indeed been

a blessing to him and he can now thank Providence and count his gains in a merited obscurity."

The sage discovery was now made that Cooke was the mouthpiece of Chase, who was known to cherish a design of enfranchising the negro and of governing the South by standing soldiery. Together they would carry "the country back to feudal times." "Chase, Cooke and Company" would make "a few thousand financiers and stock jobbers the ruling aristocracy of the country, imperious, unscrupulous, despotic and powerful, the masses of the people being reduced to the condition of serfs."¹ Mr. Cooke also received a number of threatening anonymous letters. "So after making your millions," wrote one, "you think a national debt a national blessing. Look into the hovels of the poor and witness the deprivations they have to submit to by reason of the starvation prices produced by Chase's infernal paper currency. The day is coming when your patron Chase and yourself will have to leave this country faster than John Law ever left France."

The situation was not improved by the action of a man identified by John Russell Young as "J. B. Kendrick," who carried to the New York newspapers parts of the National Blessing pamphlet, naming the New York *Herald* in an awkwardly contrived introduction. It was meant to be a defense of Mr. Cooke's "manifesto" and went into the advertising columns of the papers,² being paid for by drafts on Fisk and Hatch, which it was soon discovered were fraudulent. The performance was very objectionable to Mr. Cooke and on July 10th the New

¹ *Herald*, July 18.

² It was published in the *Tribune* on July 15.

York *Tribune* made this denial: "We are requested to state that the advertisement published in Saturday's *Tribune* purporting to be a defense of Mr. Jay Cooke's pamphlet on A National Debt was entirely without his sanction or knowledge. What private end the advertiser had to gain by its insertion we know not, but we are certain now that neither that nor the perpetrator of this attempted fraud upon the public were known to Mr. Cooke or any of his authorized agents."

While the financier had professed some disregard for the criticism of newspapers in his letter to Mr. McCulloch concerning the *World* article,¹ such attacks really stung him very deeply. The scurrilous assaults of the *Herald*, day after day led him on July 18th to write the following letter to his friend John A. Stewart:

My dear Sir:

I suppose the reasons why Mr. Bennett has seen fit to attack me of late are these: The opinion expressed in the national debt pamphlet of the uselessness of attempting to pay off a debt of three thousand millions by gift subscriptions and, perhaps, some old enmity towards Mr. Saml. Wilkeson, who wrote out the pamphlet from ideas mostly furnished by me.

Are these good reasons for so violent and, as I think, unreasonable an attack upon one who has never done him harm, and

¹ Mr. Cooke had also written to Wilkeson from Gibraltar, June 21, 1865; "In documents of this character it gives a fine chance to enemies to pick flaws if we are not right on the record, and I trust that all the figures may be perfectly correct before the pamphlet is sent off. . . . The *Herald* criticism I return with my remarks opposite each. Let Young see them and find out if they will make the *amende*. These attempts to attack the article were expected by me. I am used to them and don't care a fig—hardly worth while to notice them except to kill off error. What we want to stick to is that if our debt and taxation is RIGHTLY MANAGED it will be full of blessings, and almost entirely devoid of counteracting evils. This I will stick to and abide the consequences. Of course if our law makers and administrators of the law don't appreciate the situa-

who has even now none but the kindest feelings towards him? You know how I have labored during the rebellion and the measure of influence my constant attention to our finances has exerted in saving the nation from difficulties and embarrassments. I do not claim any praise for simply acting out myself. I could not have done less, but does it entitle me to such harsh treatment on the part of Mr. Bennett, whom I am fully assured has the interest of his country equally at heart? If I have an opinion as to the result and effect of such and such measures and he differs from those opinions, that is right and fair, but such wholesale denunciations do not seem to me to be right or just.

I saw daily a growing display all over the journals, who very unfortunately catch their tone mostly from the influential press of the Eastern cities, of doubt and uncertainty as to the future. I saw carpings as to our debt, obnoxious hints and misgivings as to the burthen it would be to the poor, and as to what a terrible condition we were in financially; and I felt it my duty and pleasure to spend my own money in publishing facts and principles which, if fully understood, I knew would calm down this injurious and excited feeling and inspire all with a more hopeful view of our condition. I did this first by asking Dr. Elder to give me the facts as to our wealth and ability to pay the debt. This able pamphlet I circulated by the hundreds of thousands and millions. I had it published in the *Herald* and many other papers and paid for it out of my own pocket. It did good. I also had it translated and published in England, France and Germany at a large expense.

Next being fully convinced that if the debt was "rightly managed" it could be made to produce for us a great many benefits or understand what can be done to make it a mere trifle, so far as burden is concerned, we will lose our labor and will only have the satisfaction of doing our best to correct error. I would refrain entirely from newspaper controversy—if necessary to write anything, let it be done in such a spirit as to quiet, instead of arousing, opposition and ill feeling. . . . If this article (as I know it will) has the effect to stop croaking about our debt—even if it may prove in some respects too bright a picture—it will have accomplished my object."

and would, if the question of providing for the interest was rightly settled, be the occasion of no real burden to the people, or at least that the benefits or blessings would far overbalance the evils — I say being convinced of this I submitted my ideas to Mr. Saml. Wilkeson, whom in common with a dozen or more of able writers, I was accustomed to employ in service of the loan, and the result was the pamphlet "How our National Debt may be a National Blessing." The evening it was completed, at a late hour, I hurriedly read it over and made some alterations, but having to leave the next day for the west, I did not give it the close criticism that I have given it since, and the result of which is seen in the enclosed amended article which I sincerely believe to be a correct and demonstrable review and statement of our financial situation. I believe every statement made there. I have faith that all the positions taken, all the results predicted will be and are true.

Now why should I be attacked for opinion's sake? Why should Mr. Wilkeson be called harsh names for aiding me in disseminating my thoughts and clothing them in the beautiful and appropriate garments which his eloquent imagination and wonderful talent have enabled him to bestow upon them? And what has Mr. Chase to do with the whole matter, or what possible reason is there for linking his honored name and one so humble as mine? Why couple the Treasury Department with myself in this publication when it had nothing whatever to do with it? Why say that it was damaging the loan sales and reducing the daily average when the contrary was the truth, as the daily publication of the aggregate sales in the *Herald* abundantly shows?

In conclusion I would state:

First.—That Mr. McCulloch knew nothing of any of these publications until after their appearance.

Second.—The Treasury Department is not in the remotest degree responsible for any of my advertisements or publications and for all that I am aware of, never sees them, unless specially sent there by myself.

Third.—I pay for all out of my own pocket and when Mr.

Bennett learns that the last 150 millions of the loan is sold by me at a loss to myself, which loss includes the enormous current expenses of advertisements and the expense of the article on the debt, and other similar pamphlets, he will, I know, give me credit for a little unselfishness: I say at a loss to myself because I get now but one-half per cent. allowance on the last 150 millions and rather than check the sales, or disturb existing arrangements with my thousands of agents, I continue to them all the same allowances I gave them when I myself was receiving a greater commission, viz., one-half per cent.

I opposed the reduction of the allowance from $\frac{5}{8}$ to $\frac{1}{2}$ per cent., and am confident that if I had not unselfishly sacrificed my own just commission of $\frac{1}{8}$ per cent., instead of saving it and reducing the allowance before made, and to which all had become accustomed, to $\frac{1}{2}$ per cent., the past and present rapid sales and popularity of the Third Series of 7-30s would never have been attained.

Fourth.—I have no political aspirations, am not an “adherent” of any one. I have a high regard for Judge Chase, but never did and never expect to engage in any political schemes or plans with him or any one else. The Treasury Department employed my services after a failure at all other attempts. I did not seek it as Mr. Chase, Mr. Fessenden and Mr. McCulloch will all testify. I was independent in a pecuniary sense, and sought no favors, and was employed solely because I could raise the money promptly for the Treasury. Others might have done as well, but they did not so appear to the three entirely disinterested Secretaries, and I think if Mr. Bryant or Mr. Godwin or Mr. Bennett will only become better acquainted with me, and with my services, during this terrible rebellion, and recall the fact that as agent of the government during all the fearful time of four years of war and bloodshed,—nearly every dollar of what has been raised and turned into the Treasury has been raised and turned in by my efforts to carry out the plans adopted by the Secretary and Congress,—I say if they think of all this, ought it not to save me from any injury from their powerful pens? My reputation as one who has tried to do his duty and

to do good in my country's day of trial is very dear to me, and is it right that one who has done so well and so much should have turned upon him the whole power of the most influential paper in New York?

As for myself it is of but little consequence. Conscious of having deserved better things, and of the deep injustice of such a course towards me, and fully resolved not to allow myself to engage in any public controversy, yet I see that if such controversy is carried on, even on one side, it works an injury to the public credit, and this is why I request of you, you who know so well all my thoughts and actions, who have been so intimately acquainted with my motives and desires, that you will take some early occasion to see Mr. Bennett and tell him that you know me and know that his strictures are unjust, and explain to him fully that I have nothing to do with Mr. Chase's political plans. I simply act out my own convictions of duty as a citizen. I write in haste but with entire confidence in your friendship as ever,

JAY COOKE.

Mr. Cooke upon second thought determined to address Mr. Bennett directly as follows:

July 18, 1865.

My dear Sir:

This evening on finishing the enclosed letter to John A. Stewart, Esq., late Assistant Treasurer,¹ I thought, why send my thoughts through a third party?

The hour being late, I have concluded to send you the letter direct. Will you oblige me by reading it?

I shall be in New York early next week. Will you be visible at that time either at Washington Heights or at your office in the city?

¹ Mr. Stewart retired from the Assistant Treasurership in New York on July 1, 1865. Among the names mentioned for the succession in which Mr. Cooke took a very active interest, were those of J. D. Vermilye, who was warmly urged by Mr. Cooke but who declined it; Edward Haight, president of the Bank of the Commonwealth, who was commended by Fisk and Hatch and Mr. Odell. The appointment finally fell to H. H. Van Dyck.

Will it be agreeable for you to see me? I am confident when you know me better and hear my views that good will grow out of it and your present impressions will be modified.

I will visit you at your residence and spend an afternoon or evening, if preferred by you, as I shall have leisure when in New York.

I have never intruded myself upon you, or your brother editors, in New York, although often desirous of a free and frank comparison of ideas.

Please reply and oblige,
Yours truly and respectfully,

JAY COOKE.

James Gordon Bennett, Esq., New York.

P. S. The recent publication of my pamphlet with preamble in *Tribune* and *Mercury*, wherein the *Herald* was referred to was entirely unauthorized by me. It was an attempt to swindle the papers by a man named Hendrick or Kendrick.

The letter to Mr. Bennett probably was not sent, Mr. Cooke adhering, in all likelihood, to his original plan of reaching the editor of the *Herald* through Mr. Stewart, though to all appearances quite vainly.

The makers of doggerel for the newspapers also entered the fray and the following verses were widely copied from the columns of the *Ohio Statesman*:

A NATIONAL DEBT

"*A National Debt is a National Blessing.*"

— [Republican papers.

As the taxgatherer rushed through the town on a raid,
With a cherry-ripe cheek and a mug prepossessing,
He bore on his shoulders a placard which said:
"A National Debt is a National Blessing"!

He stopped at the door of one Paddy O'Prigg,
With some business with Pat which appeared to be pressing;

Pat knew that the sucker had come for his "pig,"
For "a National Debt is a National Blessing"!

He next reached the cot of the poor Widow Howe;
Who pensively sat with a look quite distressing,
"I've come," said the chap, "for the old brindle cow,"
For "a National Debt is a National Blessing!"

Retreating, he rushed for a "National Bank,"
Where they showed him their "bonds," which looked very
refreshing;
"How sweet is the thought," cried the nabob of rank,
"That a 'National Debt' is a personal blessing!"

To accuse Mr. Cooke of the desire or intention of making the debt an enduring monument to the war was as foolish as any other part of the *Herald's* flippant campaign against him. The Elder pamphlet was designed to show just when and how it could be discharged and an editorial, "Andy Johnson says the debt must be paid," which was probably more widely published and republished than any other which Jay Cooke's writers sent out to the press, was plainly an argument for honest liquidation, and at the earliest possible day.

Mr. Cooke made no public response to his critics, but they were generally taken in hand by the friendly journals responding to careful direction from Wilkeson and John Russell Young.¹ On June 28th Peaslee and Com-

¹ One of Young's last duties before closing the New York office was to distribute Ohio wine among the New York newspaper men. "All the people you mention can be supplied and others who have done good to the loan. I sent a box to Mr. Gay of the *Tribune*, one of our best friends, and have sent some to Mr. Coffin of the *Home Journal*, and Mr. Savage of the *Times*, all of whom have done good. Mr. Hurlbut and Mr. Marble get three boxes, the *Herald* gentlemen were supplied, and what is left I will devote to the special purpose Wilkeson mentioned, namely, the Soldiers' Hospital at Central Park under the Sisters of Charity."—Young to J. C., August 17, 1865.

pany, "Advertising Agents of Government Loans," sent out a circular to the editors of newspapers in all parts of the country:

Our correspondents are generally aware that a pamphlet has recently been issued with the sanction of Mr. Jay Cooke, laying down the proposition that "Our National Debt made permanent and rightfully managed will be a National Blessing." We regret that some evil-disposed persons are endeavoring to create the impression that Mr. Cooke means that the government will not pay its debts. . . . Like every honest man, Jay Cooke believes that the government ought to keep all its obligations to the letter, pay its interest when due and the principal of every loan when due; but that without the intervention of some unforeseen disaster, every United States loan now in existence can be redeemed by borrowing the money at a less rate of interest than is now paid for it. The whole scope and tenor of the article is this, not that debts or even national debts are always blessings, but that in the present condition of this country, our national debt rightly managed, can be made a national blessing. No one now professes to believe that it cannot or will not be paid. We send this note without Mr. Cooke's knowledge, but with a perfect understanding of his position and beg that you will make such use of our suggestions as you may think proper and as the circumstances may require.

The New York *Independent*, apparently writing of its free accord, concluded a long article reviewing the Wilkeson pamphlet as follows:

We find ourselves upon laying down Mr. Wilkeson's pamphlet believing as he believes, and even disposed to take higher ground. His argument marks an era in American politics. From this day forth no Copperhead or Worldly-Wiseman will ever dare to stand up and denounce this debt as an evil, and propose its repudiation. And yet three months ago a great party was getting ready to make this issue. . . . Therefore, although the heathen laugh and rage and imagine vain things, we are satis-

fied to accept the truth in its boldest sense — that the national debt, properly managed, may be a great national benefit. And the nation should honor Jay Cooke for his boldness in pronouncing it.

The Philadelphia *Inquirer* in republishing the *Independent's* article paid Mr. Cooke a tribute¹:

This gentleman has earned a reputation for financial ability, integrity and patriotism second to no man in our country. His name is a household word mentioned with respect and admiration by the American people and held in high esteem by foreign nations. Philadelphians are justly proud of their distinguished fellow citizen.

The Philadelphia *Press* in defending the pamphlet said:

Mr. Cooke is a bold, conscientious and sterling financier, and states his opinions and arguments with perspicuity and emphasis. His mode of dealing with his subject contrasts remarkably well with that daily advanced by politicians and demagogical statesmen, who are too timid to state plainly a conviction for fear of future accountability. Mr. Cooke has nothing in common with the politician, but rather resembles Sherman or Grant in the outspoken distinctness of his language.

Mr. Cooke's views concerning the government's financial state at the conclusion of his work of selling the 7-30 loan are summarized in a letter of August 19, 1865, to J. F. D. Lanier, then in Paris:

Dear Sir:

Yours of the 30th has been forwarded me by my Washington house. Undoubtedly the information you may gain abroad will be of great service to Mr. McCulloch, and you can be of great service to those conceited English and other foreigners who I have long known to be stupidly ignorant in regard to the real condition of our affairs here.

¹ July 21st.

Dr. Elder's pamphlet has already been extensively circulated through England and on the Continent. I had it translated into German and French, but of course there cannot be too much written or spoken upon the subject. We have a strong case and all that is needed is to place it properly before the people of those countries. I enclose herewith a copy of a publication which succeeded that of Dr. Elder. My motive for issuing it was to correct a growing evil, namely, the inculcation by the flippant portion of our press, aided by the disloyal journals, of the idea that our people are to be ground beneath a load of debt and taxation. Especially were these arguments directed towards the poorer and unthinking classes whose passions are more readily worked upon than any other portion of the community. To correct this impression upon the part of the press I dictated the substance of a pamphlet which was scattered broadcast over the land. In the discussions arising from it the original question has been entirely ignored. The issue has not been confined to the query whether it prove a burden or not, but whether it be a blessing. Many have supposed the title to be unfortunate, as it is liable to be misrepresented, and indeed it has been so by many portions of the press who argue from a standpoint which I was careful to avoid, that debt is a blessing.

This I did not state. I merely showed that if our debt be properly managed and made permanent, it can be susceptible of many great and enduring advantages which far outweigh the mere idea of being in debt. The pamphlet has been discussed in all parts of the country and is working out the good object designed in its publication. I hope that you will read it carefully and send me your views on the subject.

I shall be pleased to receive the reprint of the Elder pamphlet to which you refer.

The Philadelphia correspondent of the *London Times* is evidently one of our vilest Copperheads. Our government never undertook to pay its temporary debt consisting of Treasury notes, etc., in gold. Even the few demand notes which were received at the custom houses as gold were not redeemed at the sub-treasuries in gold and their redemption for customs dues was

in consequence of the provisions of the law which created the notes, and which specially provided that these notes should be thus received.

Our government has maintained its entire faith in redeeming its matured permanent debt in coin and will continue to do so. When the original seven-thirty loan was put upon the market it was mostly before the suspension of specie payments. It was convertible into the long gold bonds and most of it has been so converted and the interest since then paid in gold, as the principal will be paid in gold when it is due.

Those parties who assert that the government has repudiated in not paying gold for the Treasury notes are entirely in error as to the rules and regulations of the Treasury Department. As I said before no attempt has been made to pay any but the funded debt in gold, the floating or short debt being always paid in legal tender notes.

In my advertisements which were fully sanctioned at the Treasury Department and which were always sent to them for approval, the statement was made that the principal and interest would be paid in gold, but this is fulfilled only when the notes are converted into bonds. This was well understood by every dealer in the article to be the intention of the Treasury.

I repeat that the statement in the original advertisement that these notes were payable, principal and interest, in gold was entirely sanctioned by the Treasury, but which privilege did not and was not intended to apply if the parties accepted the option to take pay in legal tenders before the maturity of the loan in 1881. In other words the well known course of the Treasury Department could not cause any mistake to purchasers, as the principle was well understood that none but permanent loans were payable, principal and interest in coin.

I heartily wish that not one dollar of the loan had ever gone abroad. I do not think it advisable to encourage its absorption in England or on the Continent. To the extent that it does go abroad I cannot but think that it is a burden. If it is held by our own people there is no annual loss of wealth from the collection and payment of the interest. Still there probably may

be great benefits in diffusing abroad knowledge and information of our own financial condition and there may be a time when Mr. McCulloch may desire to avail himself of European markets for a great and important purpose, such as the resumption of specie payments.

I think that the people of Europe, the English especially, will be much more likely to take our loan, if they find us entirely independent and we make no overtures to them. It is very important that they should be enlightened as to our financial affairs and I know no one better qualified to do this than your honored self.

The Treasury finances are in first rate condition. Mr. McCulloch will have no difficulty in meeting all the demands upon him, and as soon as Congress meets it is doubtless his intention to provide a consolidated loan at some lower rate of interest, into which can be funded short maturing obligations, a portion of our legal tenders and to provide for all deficiencies.

I observe a great error in the money articles of the London papers copied from the New York journals, to the effect that, notwithstanding the large subscriptions to the loan, the necessities of the Treasury are such that the Department is compelled to pay 75 per cent. of its obligations in certificates of indebtedness. This is a prodigious error. The Secretary simply attempted to pay holders of quartermasters' checks, a comparatively small portion of claims, 75 per cent. in certificates and 25 per cent. in cash. These certificates are not paid out to the army or the navy and only to the quartermasters' creditors and the new certificates issued do not amount to the sum of those daily redeemed in cash. The whole amount now in circulation is less than \$100,000,000. It was at one time as high as \$260,000,000, so that you see this story calculated to do harm is entirely false.

Most sincerely yours,

JAY COOKE.

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